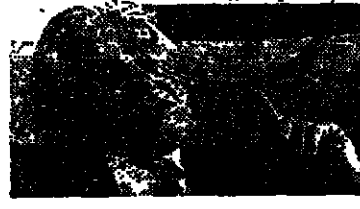


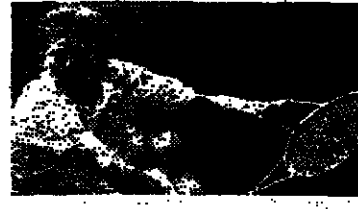


Make way for the thinking machine
Can man make intelligent machines? Thanks to fuzzy-logic chips, some Japanese washing machines are now more like humans. Christian Tyler reports
Page I



Perspectives
Why Sir George Porter (left) is looking forward to joining the House of Lords.
Page VIII

Finance
Do you like a gamble? Sara Webb describes a high-risk strategy
Page III



Sport
John Barrett has been keeping an eye on Boris Becker (left).
Page XXVI

Food and Wine
Janet Robinson on the pursuit of quality
Page XX

EUROPE'S BUSINESS NEWSPAPER

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Weekend June 30/July 1 1990

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WORLD NEWS

Warning to councils over spending

Local authorities were warned that the Government is preparing to deploy its community charge-capping powers with extra force next year to curb council spending.

Michael Portillo, Minister for Local Government, speaking at the Association of District Councils conference, said the projected spending increases well above 10 per cent of some councils were "frankly unacceptable".

Challenge on poll tax is rejected, Page 4

Support for Gorbachev
Soviet President Mikhail Gorbachev won the unanimous approval of the Communist Party's ruling central committee to present proposals for radical reforms at next week's congress. The decision coincided with a vote by Lithuania to suspend its declaration of independence to clear the way for future negotiations with Moscow, Page 22

Iran thanks world for aid
Iranian President Ali Akbar Hashemi Rafsanjani thanked the world for its "beautiful" help after Iran's earthquake last week and said critics of the aid were like "pestering flies" in his first major speech since the quake killed some 40,000 people.

Ferriaday re-arrested
John Ferriaday, the former chairman and chief executive of Eagle Trust, was arrested for the second time in 48 hours, Page 5

Jail break-out attempt
Five inmates at Wandsworth prison in London attempted to break out through the walls by hijacking a mechanical digger but were recaptured.

Honecker murder probe
A murder investigation has begun against former East German Communist leader Erich Honecker for his Government's policy of killing East Germans trying to flee to the West.

Mandela claims success
Nelson Mandela said his visit to the US has solidified American support for continued sanctions against South Africa.

Tests 'too demanding'
Standard assessment tasks for seven-year-old pupils are "too demanding," the Government admitted, after complaints from teachers about the tests after a pilot scheme was carried out in 400 schools in England and Wales. Concern over drop in reading abilities, Page 4

Royal visit to N Ireland
The Queen Mother paid a one-day visit to Northern Ireland as part of her 90th birthday celebrations.

Brush fires rage
Fierce deliberately-set brush fires that destroyed 567 homes in southern California in just 24 hours were still raging, threatening another 100 homes.

Japanese prince weds
Prince Aya, the second son of Japanese emperor Akihito, broke with tradition to marry a commoner, Princess Kiko, 23, is the daughter of a college professor. Something old, something new, Page 3

Tennis racket
American tennis star Pam Shriver called for controls on players grunting at Wimbledon as they serve, claiming it upsets other players. The Women's Tennis Association said the issue of grunting was being discussed but there were no decisions yet.

BUSINESS SUMMARY

Political row expected over Girobank sale

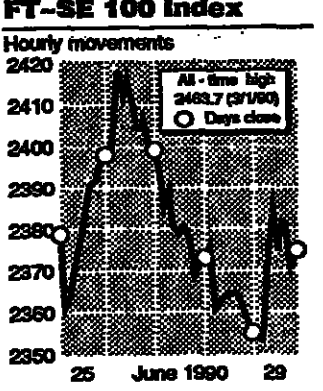
A fresh privatisation row could erupt on Monday when Trade and Industry Secretary Nicholas Ridley is expected to announce the sale of Post Office subsidiary Girobank to the Alliance and Leicester building society for less than its net asset value.

Officials close to the negotiations say the price will be £112m - including a repayment to the Post Office of a £25m loan, meaning an effective price of £87m. The bank's net value, according to the latest annual report, is £116.5m, excluding the loan, Page 22

BRITISH Aerospace shares in London fell 11p to close at 534p in an otherwise rising market, reflecting aerospace analysts' scepticism about BAe's Tornado fighter deal with Saudi Arabia. Rapid deal-break of peace funds BAE with defence, Page 10

WEST GERMAN industrialist Detlev Rohwedder has been appointed head of Trenchenanstalt, East German trust body that owns most of the country's industry and is charged with privatising it. Rohwedder, chairman of Hoesch, West German steel and engineering group, was personally asked to take the job by East German Prime Minister Lothar de Maiziere, Page 22

EQUITIES in London moved erratically this week. The FT-SE 100 index ended yesterday at 2,574.6, a gain of 18.9 on the day, but down 3.9 points since



the previous Friday. Confidence was challenged by a spate of downgrades of corporate profits by leading securities houses. Expiry day in the futures markets yesterday caused a period of wild excitement - with nearly 30 points gained during 30 minutes. London Stock Exchange, Page 13

FIAT, Italian motor group, says profits growth will slow due to a slackening market, strong lira and growing price competition. Gross profit margin may fall this year by more than 1 percentage point from last year's record 9.3 per cent margin, Page 10

BRICOM, diversified UK commercial services group, will be sold to Rochdale, a new company formed by Gambleston of Sweden and other investors, for £537.5m. Page 8, Lex, Page 22

QANTAS, Australian state airline, has warned of an annual loss after record profits in 1989-90, due to the domestic pilots labour dispute hitting tourist traffic, Page 10

CAPITAL AIRLINES, airline arm of Brown Group International, UK construction machinery group that went into receivership on Thursday, has drawn 10 bids, Page 4

MATSUSHITA Electric Industrial, Japanese electronics combine, will make its first foreign acquisition, taking a 25.1 per cent stake in Loewe Opta, West German consumer electronics maker, Page 10

BR announces management restructuring programme

By Richard Tomkins, Transport Correspondent

BRITISH RAIL management restructuring planned for the next two years will result in the biggest shake-up of Britain's railway organisation since nationalisation in 1948.

The regions that succeeded the pre-nationalisation railway companies - Western Region, Southern Region and London Midland Region, for example - are to disappear.

Instead, British Rail's operations will be split into independent businesses with their own assets and accountable as a separate profit centre to the board.

The move will be widely interpreted as paving the way for privatisation after the next general election if the Conservatives win it.

The rail unions will be concerned about the implications for national collective bargaining and about the possibility of job cuts in a drive for greater efficiency.

British Rail's services are already divided into five business sectors - InterCity, Network SouthEast, Provincial, Freight and Parcels - under an arrangement dating back to 1982. However, these are pri-

marily marketing organisations.

The ownership and operation of the railway infrastructure is still in the hands of the regions which provide services to each business sector under complicated contractual arrangements.

Under the new system, the regions and their assets will be absorbed into the existing sectors, so introducing direct line management and radically improving accountability.

The five sectors will be run as companies, with subsidiaries treated as independent

profit centres. At InterCity, for example, the present sector director, Mr John Pridemore, will become managing director with overall responsibility for five subsidiaries: East Coast Main Line, West Coast Main Line, Great Western Main Line, Cross Country/Midland Main Line and Anglia/Gatwick.

Each subsidiary will be responsible for staff, track and assets in its own section of the network. Other sectors which need to share InterCity's tracks, such as Provincial or Freight, will have to negotiate a contract with the appropriate

subsidiary for the use of its staff and infrastructure.

Announcing the changes yesterday, BR appeared to be playing down their implications, in an attempt to stave off hostile reaction from the unions.

Mr Jimmy Knapp, General Secretary of the National Union of Railwaymen, warned at the NUR's annual conference on Thursday there would be a repeat of last summer's industrial action if BR tried to use restructuring to force through decentralised bargaining.

Exchange tracks records back to Big Bang on suspicions of insider dealing

DTI to probe Dunsdale Securities

By Andrew Freeman and Richard Waters

AN INSIDER dealing investigation has been launched by the Department of Trade and Industry into the suspected share trading ring surrounding Dunsdale Securities, the Park Lane investment firm which collapsed last month.

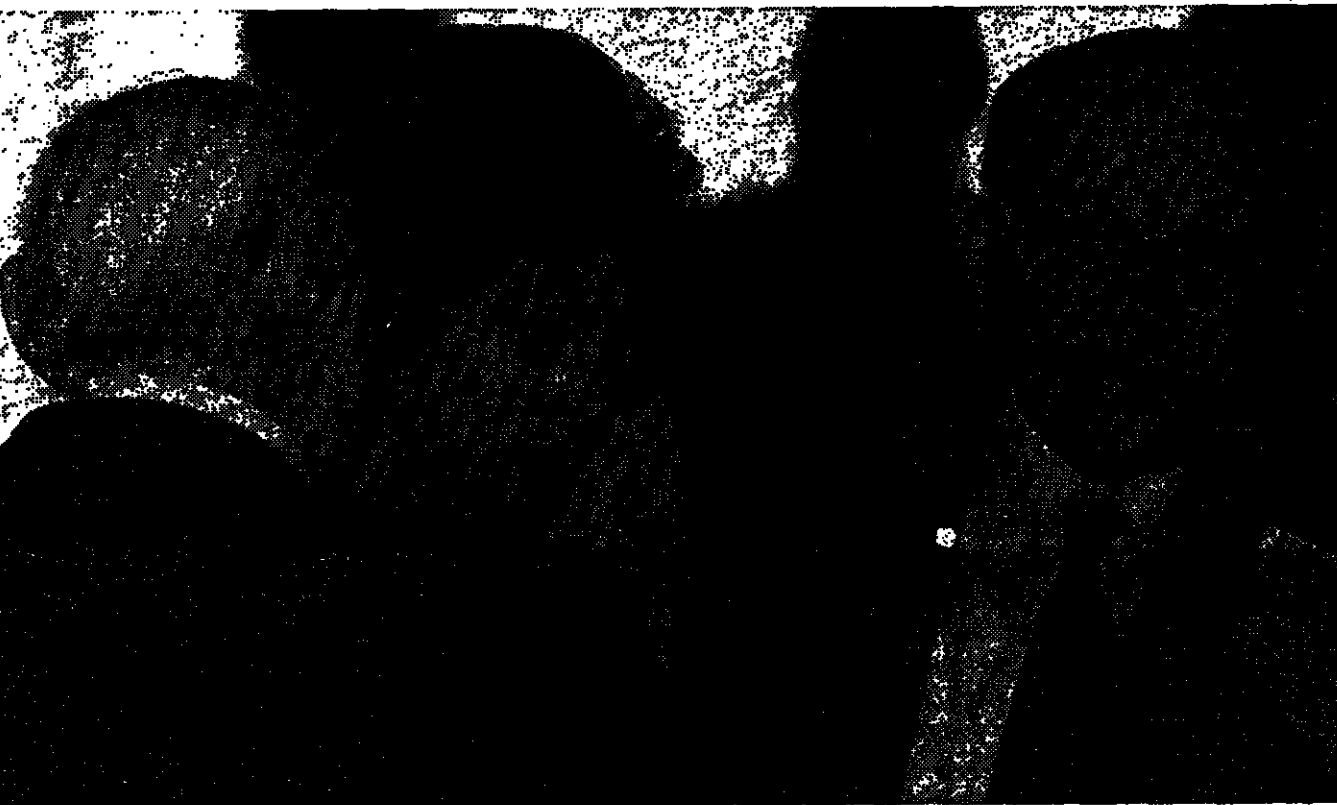
It also emerged yesterday that officials at the International Stock Exchange are tracking share dealing records back to 1986, when London's Big Bang introduced surveillance systems for the first time.

The DTI, along with the DTI, are searching for evidence of front running, or dealing for profit ahead of large transactions, as part of a suspected dealing ring.

The DTI has gathered records from a number of London's brokerage houses which handled deals with Dunsdale Securities, and will try to match these trades with subsequent deals by securities and investment houses.

In particular, it is examining trades by Barclays de Zoete Wedd Investment Management, where a senior fund manager was suspended recently to allow an investigation into alleged breaches of BZWIM's dealing rules.

The DTI is also believed to be looking for insider dealing by a number of individuals connected with accounts held by Dunsdale Securities. Insider dealing is a criminal offence



Worried Dunsdale creditors meeting in London yesterday

involving the abuse of unpublished, price sensitive information to deal in shares. Lawyers disagree over whether front running falls within the definition of insider dealing.

The DTI inquiry, coming on top of investigations by a host of other City regulators, has prompted concern among some of those involved that the regulators are getting in each other's way in investigating the case.

Agencies known to be looking at Dunsdale now include: the Serious Fraud Office, the Metropolitan Police

frank squad, the DTI, the Securities Association, the Investment Managers' Regulatory Organisation, the Association of Futures Brokers and Dealers.

Continued on Page 22

Perrier founder retires on sour note

By George Graham in Paris

MR GUSTAVE LEVEN, who put the fizz into Perrier, is retiring on a sour note at the age of 76 after revealing that the company will have to set aside another FF400m (€41m) to cover the costs of the benzene contamination problems that convulsed it earlier this year.

The company revealed yesterday that sales of Perrier water are running at about 60 per cent of their level before the benzene contamination was discovered.

The company said the situation was improving but it was having difficulty regaining market share in the US, especially in cafes and restaurants.

Mr Leven bought the tiny mineral water spring in 1948 and built its distinctive green bottles into a worldwide status symbol.

Perrier hit its first setback this year when it had to withdraw world stocks of 160m bottles after a fault in its filtration process allowed the water to be contaminated with benzene.

Perrier set aside FF400m in its 1989 accounts to cover the cost, but at yesterday's shareholders' meeting in Verpex, in southern France, the group said a further FF400m provision would have to be made this year.

Mr Jacques Vincent, 68, who will become the Perrier chairman, will take over a different company from that acquired by Mr Leven in 1948: Production from the spring was then running at 10m bottles a year. Last year sales topped 1bn bottles.

"It struck me at the time that all you had to do is take the water from the ground and then sell it for more than the price of milk or for that matter wine. I decided I had to buy the business and never sell it again," he said.

Mr Leven, one of France's most camera-shy businessmen, has taken Perrier in and out of a number of diversifications from pay television to chocolate, but in recent months has returned the focus to the core mineral water business.

UK and US agree to open up more transatlantic air routes

By Paul Abrahams

THE UK and the US reached a bilateral air transport agreement yesterday aimed at increasing competition and offering more consumer choice on transatlantic flights.

The package, approved by Mr Cecil Parkinson, the British Transport Secretary, and Mr Samuel Skinner, the US Secretary of Transportation, increases the number of routes. The two countries also decided to set up a joint study to liberalise the British-American transatlantic market.

"Climbing this deal is only a first step," Mr Parkinson said yesterday. "We are both committed to the principles of competition and of minimal government regulation. If we can move to a thoroughly liberalised market across the North Atlantic that will be good for consumers and good for airlines."

The agreement, reached after months of wrangling, is a blow for British Airways. It said it was disappointed with the arrangement, which it believed to be inequitable. The

airline said the deal did not give UK airlines the same opportunities as their US counterparts. It estimated that the growth revenue that would accrue would be worth more than £50 a year to US airlines but only £20m a year to British carriers.

The company, which analysts pointed out had not pressed forcefully for additional transatlantic routes, derives 18 per cent of its revenue from its North American operations.

The agreement is likely to benefit other UK carriers. Mr Richard Branson, chairman of Virgin Atlantic, said the Civil Aviation Authority had granted his airline permission to operate one of the new routes between London and Boston. Its services will begin in next May.

Mr Branson said he would be looking at opportunities for operating other routes made available by the agreement. These include two routes between UK regional airports and any of the main US gate

way airports. Air Europe, the airline owned by International Leisure Group, which has announced its intention to shift from short-haul to long-haul scheduled services, said the package should be welcomed.

The agreement confirms American Airlines' existing route between Chicago and Manchester, which was previously operated on a temporary licence.

US carriers will also be allowed two more routes to UK regional airports. Northwest Orient has recently applied to operate routes from Detroit to Manchester, while United Airlines has also requested permission to fly to the same destination from Washington.

The lengthy negotiations were delayed by a disagreement over the right of US carriers to use slots at Heathrow used by Pan Am and TWA should either of the two US carriers be acquired. The UK Transport Department said the countries had decided to set up exploratory talks on the issue.

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MARKETS

STERLING New York lunchtime: \$1.7485 London: \$1.7445 (1.7395) DM2.905 (2.9025) FF16.78 (5.745) Sfr2.47 (2.4575) ¥255.5 (258.5) £ index 91.4 (91.3) GOLD New York Comex Aug \$359.9 (\$54.1) London: \$352.75 (\$52.25) N SEA OIL (Argus) Brent 15-day Aug \$18.3 (\$1.1)	DOLLAR New York lunchtime: DM1.8946 FF16.582 Sfr1.4155 ¥152.15 London: DM1.8955 (1.898) FF16.585 (5.8025) Sfr1.4155 (1.418) ¥152.25 (153.2) £ index 91.4 (91.3) Tokyo close: 152.85 US LUNCHEXTIME RATES Fed Funds 5.25% 3-mo Treasury Bill: 7.382% 10Y: 10Y 3% yield: 8.386%	STOCK INDICES FT-SE 100: 2,374.6 (+18.9) FT-100: 1,899.9 (+12.1) FT-A All-Share: 1,171.28 (+0.6%) New York lunchtime: DJ Ind. Av. 2,884.41 (+5.7) S&P Comp 358.12 (+0.48) Tokyo Nikkei 31,940.24 (+185.95) LONDON MONEY 3-month interbank: closing 14.18 (14.12) Libor 10Y: 10Y 3% Libor 10Y: 10Y 3% Libor 10Y: 10Y 3%
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CONTENTS

Canada	6	Appointments	13	London Options	9
Masters of their fate	6	Base Rates	11	Money Markets	11
Editorial comment	6	Commodity Prices	11	Recent Issues	11
The pains of the GEMU	6	Commodity Review	13	Share Information	19-22
Man in the News	6	Companies UK	9	Stock Markets	19-22
Kenneth Kaunda	6	Economic Diary	9	London	13
The next Archbishop of Canterbury	7	FT Archives	9	Wall Street	19-22
Church's big race is on	7	FT World Academics	9	Seures	19-22
Bullion market	7	Foreign Exchanges	11	SE Dealings	12
In a state of shock	7	Gold Markets	10	UK News	4.5
		Int. Companies	10	General	4.5
		International News	2.3	Employment	5
		Leader Page	8	Managed Funds	14-17
		Letters	7	Weather	22
		Lex	22		

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INTERNATIONAL NEWS

Terms for German unity bond to be set next week

By Katharine Campbell in Frankfurt

TERMS FOR the initial bond issue by the German Unity Fund will be set next Wednesday, July 4, timed to stimulate investor interest after economic and currency union between the two Germanys on Sunday.

The issue itself will follow a few days later, according to market conditions.

The German Unity Fund has been constructed by Bonn as an off-budget device to help finance the mounting costs of German unification. Carrying a central government guarantee, the fund will issue paper worth DM50bn (\$32.5bn) over 4 1/2 years. The domestic government bond market has been anxiously awaiting confirmation of the timing of the launch for weeks.

German government bond yields climbed steeply earlier

in the year in nervous anticipation of unquantifiable demands on the capital markets in the course of recasting the dilapidated East German economy.

Bond dealers yesterday were hoping that the unity programme would be given a firm start with relatively generous pricing for the new issue, which is expected to run for the normal 10 years, but in an amount of DM5-6bn, larger than most of the regular government bonds (Bunds).

A fixed coupon around 9 per cent would be well received, but would represent a significant increase on the last bond issued May 18, which paid 8.75 per cent. International investors would be under considerable pressure to see that the first deal went well.

Although guaranteed by

Bonn, the fund is borrowing in its own name and so cannot command quite such fine pricing; foreign central banks, large purchasers of regular bonds, may for instance initially stay on the sidelines.

As a slightly different breed of instrument, it is also unlikely to be included in the basket of bonds which are deliverable into the current bond futures contract on Liffe, the London futures exchange. The dealing community will want to be compensated, by a higher yield, for the fact that the paper is therefore less easy to hedge.

Data confirming that West German inflation is well under control have helped the domestic market in recent days, providing the government with a convenient borrowing window in the next week or so.

Lithuanian MPs suspend independence declaration

By Leyla Boulton in Moscow

THE Lithuanian parliament last night conceded Moscow's demand that it freeze its independence declaration - but only for 100 days.

The time limit was a last-ditch attempt by Mr Vytautas Landsbergis, the Lithuanian president, to draw his own radical nationalists into a compromise with Moscow, opening the way for talks with the Kremlin and a lifting of the Soviet blockade.

Mr Simas Arduanas, a parliamentary spokesman, said that deputies approved the moratorium - to start on the first day of independence negotiations - with 79 votes for, 35 against and two abstentions.

Sejdis, the pro-independence movement which brought Mr Landsbergis to power and claims a majority in parliament, had previously opposed a moratorium on the March 11 declaration.

"I know that the concept of a moratorium is not pleasant to the Lithuanian ear," Mr Landsbergis, a former music professor, told deputies yesterday. "But we can make a gift to our negotiating partner even if it grates upon our ear."

Mr Eita Dapkus, head of the parliament's information bureau, said the president's



Lithuanian nationalists demonstrated in Vilnius yesterday outside the supreme soviet as deputies voted to suspend their independence declaration.

initiative provided a "kind of assurance" to opponents of a freeze. It would also discourage Moscow from dragging out the negotiations even though the plan allowed for an extension

of the moratorium by parliament.

It was not immediately clear whether a limited moratorium would satisfy Mr Mikhail Gorbachev. The Soviet leader origi-

nally asked Lithuania to suspend its March 11 declaration for the duration of negotiations.

But the fact that yesterday's vote followed a flurry of talks

this week between Mr Gorbachev and President Landsbergis suggested that the 100-day limit would be acceptable to the Kremlin.

"Mr Gorbachev's number one demand was for a moratorium without going into specifics. If he keeps to his word, he should accept this," Ms Dapkus said.

The defiant Baltic republic, which has been subjected to a harsh blockade of energy supplies by Moscow for more than two months, had been torn over whether to trust Mr Gorbachev's compromise offer, made earlier this month.

Some deputies had suggested for instance that the Soviet Union should in turn suspend its 1940 secret deal with Hitler under which Lithuania was absorbed into the Soviet Union.

"There are no guarantees that this will lead to constructive negotiations with Moscow," said Mr Gediminas Vagnorius, one of the two deputies to abstain. "Part of the population is going to consider this vote a moral defeat," he said.

He added that it was not yet clear when Moscow would lift its economic sanctions if it accepted the 100-day moratorium.

Mark fades away as western manners come into play

By Leslie Collitt in East Berlin

EAST Germany's Mark came to an end much as it began in June 1948, buying only the basic things in life.

Citizens queued patiently to buy the last items still available for their Marks - bread, potatoes and milk - less than 36 hours before the Deutsche Mark was to be unleashed on them.

It was the last working day of the old centrally-planned economy, which had guaranteed full employment at the price of mediocrity and endless queues. But a new era of self-assertion was already making itself felt.

Flocking garbage collectors in East Berlin left refuse receptacles overflowing on to normally spotless streets. Residents of the capital grumbled over the "rapacious" wage demands of the garbage men who earned 1,500 Marks a month, more than doctors or engineers. The city government threatened to call in private collectors from West Berlin if the garbage men did not return to work.

Simultaneously, employees of Interflug, the state airline, staged a two-hour warning strike to press demands for job security, amid rumours that 2,000 of them would be sacked in a future merger with West Germany's Lufthansa airline.

The hairdressers of the new capital were also manifold. Wit Boy, a Western clothing chain, raised its sign on the once fashionable

Unter den Linden boulevard, on a shop formerly run by the communist youth organisation.

As East Berliners peered expectantly into a hall packed with western food, Meyer Supermarkets of West Berlin worked feverishly to complete renovation of a former state food store in Leipziger Strasse in time for the arrival of the first shoppers armed with D-Marks on Monday morning.

Many Easterners however were expected to flood across to the West for their serious shopping. Ostensibly to protect domestic producers, the government overrode parliament and went ahead with plans to introduce a tax on a wide range of imported West German products.

Commerzbank, third largest in West Germany, grabbed a prime advertising site in central East Berlin, hoisting its yellow neon sign on to the railway viaduct over Friedrichstrasse. It was the very spot where Neues Deutschland, the Communist Party newspaper, previously proclaimed its leading role.

Passers-by in East Berlin barely looked up as West German armoured trucks, followed by People's Police cars with wailing sirens, distributed D-Marks to the banks. In a city undergoing its greatest political and social upheaval since 1918, few people betrayed any emotions over yet another historical event.

Second stage of economic reforms for Yugoslavia

By Laura Silber in Belgrade

YUGOSLAVIA'S Prime Minister, Mr Ante Markovic, yesterday unveiled a second economic package aimed at privatising socially-owned property, controlling wage spending, and rehabilitating the banking system.

In his address to the federal parliament, Mr Markovic, who last December introduced a tight monetary policy to curb inflation, said he was now up to the republics to share some of the burden in implementing the political and economic reforms. These include:

- a reduction of interest rates from 50 to 20 per cent to stimulate investment and revive growth;
- the freeze on wages imposed last December would be partly lifted, under a system whereby only those enterprises which make profits could raise wages.

However, a collective wage bargaining system is likely to be introduced in the near future.

- cuts in republics' public spending of up to 18 per cent;
- the introduction of ownership property rights which would pave the way for privatisation and capital markets;
- "We have to clearly identify the owners of capital and begin the process of recapitalisation and privatisation," Mr Markovic said;
- a rise in industrial productivity through attracting domestic and foreign capital;
- the freeze on wages imposed last December would be partly lifted, under a system whereby only those enterprises which make profits could raise wages.

However, a collective wage bargaining system is likely to be introduced in the near future.

Tough measures for Hungary

By Nicholas Denton in Budapest

THE HUNGARIAN government yesterday unveiled an unexpectedly rigorous emergency package to satisfy International Monetary Fund conditions on the budget deficit on which new credits are dependent.

The aim of the measures, which effectively end the new conservative government's honeymoon, is to achieve net savings of Forint 23bn (\$221m) to meet the IMF's Ft 10bn deficit target.

Two-thirds of the improvement will be achieved by spending cuts, focused on subsidies for agricultural exports, and the remainder by increases in government-controlled prices. Price rises for energy and luxuries will add 2 to 4 per cent to overall inflation and push the 1990 year-on-year fig-

ure towards 30 per cent. The main cause of the budget gap has been the collapse in trade between Comecon members, which remains an unpredictable factor.

Yesterday's elaboration of the government's immediate economic programme, of which the mini-budget was the most urgent element, confirmed indications that Mr Gyorgy Matolcsy, the Prime Minister's cabinet secretary, has emerged as the dominant policy-maker over his more cautious rivals.

Mr Matolcsy announced a speeding up of privatisation. A blueprint for the compulsory sell-off of 30,000 to 40,000 shops and restaurants, and the stock market flotation of about 30 big and profitable state-owned enterprises, largely hotel and processing concerns, will go

before the cabinet next week.

Implementation should be eased by the naming of Mr Ferenc Madi, Minister without Portfolio, as head of the State Property Agency, the body which oversees privatisation. The government's lack of trust in the former appointee had paralysed the agency.

But obstacles remain. Mr Tamas Schagrin, the official concerned at the Ministry of Industry, suspected that the best retail outlets had been put out of the state's reach by bogus privatisation and that the proposed legislation was applicable to fewer than 10,000.

The task of floating 30 state-owned enterprises has been complicated by Mr Matolcsy's hostility to simultaneous quotation on both the Vienna and Budapest stock markets.

Bid to limit oil-spill liability rejected

By Peter Riddell in Washington and Steven Butler in London

THE US Congress has rejected proposals backed by the Bush Administration to set limits on shipowners' liability for oil spills, raising the prospect of increased costs for tanker-owners turning their vessels away from US ports.

Royal Dutch/Shell, Elf Aquitaine and A.P. Moeller of Denmark have already cut shipments in vessels they own or manage to the US coast, citing unlimited liabilities from an oil spill as an unjustifiable risk.

A Senate/House conference agreed to allow individual states to impose unlimited liability on polluters for the costs of cleaning spills, regardless of limits imposed by federal law or international protocols. Only a presidential veto could stop the measures. "If the bill passes it would make shipping oil to the US difficult,"

Elf Aquitaine said.

The International Association of Independent Tanker Owners (Intertanko), which raised the prospect of increased costs for tanker-owners turning their vessels away from US ports, was disappointed at the decision. Intertanko, representing over half the world tanker fleet, has said failure to enact liability limitations would drive responsible tanker operators from US ports, leaving the market to single-tanker companies, likely to be liquidated by a big spill.

The issue became controversial after the spill by the Exxon Valdez in Alaska last year and last month's spill off Galveston in Texas. The conference rejected a proposal that the US agree to sign for five years an international protocol limiting liability. Under the

protocol, those hurt by a spill could seek compensation from the insurers involved, up to \$75m (\$243m), then seek up to \$225m from the US federal fund, already established without US participation.

The accord to preserve the rights of individual US states to impose their own liability rules takes precedence over a non-binding international proposal "for the US to take part in an international oil pollution liability and compensation regime at least as effective as federal and state laws in stopping incidents and guaranteeing full, prompt compensation for damages." The decision reflects personal involvement of Senator George Mitchell, Democratic Majority leader, who has taken a hard line against the tanker operators.

Mr Samuel Skinner, Transportation Secretary, described the action as "a wrong decision for the wrong reasons". The administration had tried to find "legislative solutions to minimise the damage done". Under the proposed legislation, those affected by an oil spill could seek federal compensation whereby clean-up and related costs beyond liability limits would come from a new \$1bn fund financed by an oil tax. States could impose more liabilities.

The conference resumes after the July 4 recess to resolve the issue of penalties for damages. The decision reflects personal involvement of Senator George Mitchell, Democratic Majority leader, who has taken a hard line against the tanker operators.



Imelda Marcos is lost in the crowd outside a New York court, during the lunch break in the third day of jury deliberations in the fraud case against the former Philippines first lady.

Bush cites Lincoln in defending tax U-turn

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday sought to ease the political high ground, invoking the memory of Abraham Lincoln and citing the national interest, to justify his abandonment this week of his "no new taxes" 1988 campaign pledge.

Following an intense controversy within his own Republican Party over the dropping of the pledge, Mr Bush yesterday discussed the issue for the first time in public.

At a White House press conference lasting nearly 40 minutes, Mr Bush portrayed himself as a national leader concerned with the "big picture" and forced to subordinate his own strongly-held views on taxes to the priority

of tackling a sharply higher budget deficit. This, he said, was worse than "any of us visualised" when he made his pledge. The budget deficit is now projected to be \$159bn (\$24.4bn) in fiscal 1991 starting this October against an expected \$100bn expected last January.

He said that in the light of this new situation he had followed Abraham Lincoln, who said, "I'll think anew."

Mr Bush said his statement including the phrase "tax revenue increases" was "a necessary step to get stalled budget negotiations moving."

He argued that the American people would support his decision because they wanted to see "jobs and economic

growth, and that is what is at stake here." He said that if an agreement was reached on tax revenues, along with spending cuts and reform of the budget process, he "would go out there and advocate strong bipartisan support."

Noting that the US economy was at present ailing, he hoped that a deficit package would have an ameliorating effect, "resulting in lower interest rates and a more vibrant, more robust economy."

His comments were favourably received by leading congressmen involved in the continuing detailed budget talks with the Administration.

Mr Bush refused to discuss specific tax or spending measures, saying everything was on the table.

Mr Bush was specifically directed at Republican candidates for this November's elections worried about possible tax increases. Mr Bush said they should look at "the big picture. Stay with your position. Advocate what you believe and then just stay a little bit open-minded so that when we get an agreement that is good for country, you can say we accept this."

Mr Bush warned that unless Congress acted there would be a cut-off (automatic spending cuts) in October of nearly \$100bn which would have a "draconian" impact on defence, student grants and other domestic services.

Barry drugs video is the hottest tape in town

THE PEOPLE of Washington have now seen it with their own eyes: Mayor Marion Barry inhaling crack cocaine, Lionel Barber writes from Washington.

The man who said he never took drugs stands exposed as a liar, thanks to the now public FBI videotape of an elaborate "sting" operation last January. The 65-minute tape is the centrepiece of the prosecution's case against Mr Barry, who faces 14 perjury and drug possession charges. Already it has turned into the hottest piece of footage in town.

In the tape, the black mayor

comes across as more interested in sex than drugs with Raheema Moore, the church organist's daughter, one-time model and former lover who later agreed to co-operate with the FBI to lure him, a downtown Washington hotel.

Far from being the fun-loving, high-rolling character Washington has come to know, the black mayor comes across as a rather insecure character, worried as much about his paunch as the risk of getting nabbed smoking dope.

Prosecutors made the tape available to the press and television on Thursday afternoon,

minutes before the jury began to watch it in court. Already, a controversy has flared in and out of court over whether Mr Barry was entrapped into smoking crack against his will.

Mr Kenneth Mundy, defending the mayor, says Mr Barry was "set up". In cross-examination yesterday he tried to cast doubt on the integrity of Ms Moore, who he said had used the drug since 1978 and had introduced Mr Barry to the drug.

Legal experts agree that the entrapment defence could be a difficult one because of other evidence showing Mr Barry's frequent drug use.

Equally important, the entrapment defence does not address the perjury charges - centring on Mr Barry's denial of drug use before a grand jury - which carry a mandatory jail sentence.

Lurking in the background is the figure of Mr Louis Farrakhan, the black Nation of Islam leader. On Thursday, the judge barred Mr Farrakhan from the courtroom for the trial.

The fear among authorities is that Mr Farrakhan and other radical black leaders will turn the trial into a race contest.

No one has pointed out that earlier this year the Nation of Islam - which has a strong record of opposing drug use by blacks - called on Mr Barry to step down from office.

EC telecommunications pact to liberalise market

By Lucy Kellaway in Brussels

AN important step towards freeing the Ecu3.5bn (\$2.14bn) market for telecommunications terminal equipment was taken in Luxembourg late on Thursday night, with the agreement on a directive that will mean equipment tested in one country can be sold anywhere in the Community without further testing.

The new system will provide for minimum safety standards and quality requirements for all equipment - such as facsimile machines and telephones - which are meant to be connected to the public phone network. If a piece of equipment has been found to meet these standards, it will be able to cross borders without further restrictions.

The effect of the directive will eventually be large, as at

present telecoms goods may be subject to slow and costly testing in up to 12 different countries. For the time being, however, the networks in member states are not fully compatible, so only limited trade can take place.

The directive was agreed despite resistance from France, which wanted it to be defined as broadly as possible to include all kinds of equipment that is not usually connected to the phone networks. The liberal camp - the UK, Germany and the Netherlands - argued that this would place unnecessary bureaucratic restrictions on equipment, and complained that the less liberal countries were hoping to use standards as a way of protecting their markets from outside competition.

Rome takes over after Dublin's successes with single market measures

Italy's big plans for European presidency

By David Buchanan and Lucy Kellaway in Brussels

IF ITALY beats Ireland today in the World Cup quarter-finals, it will be sad for Jackie Charlton's boys, but politically appropriate. Tomorrow, the rotating presidency of the European Community - the right to chair all Council of Ministers meetings for six months, and the duty to organise them - passes from the Irish government to the Italian.

Italy, traditionally longer on Euro-aspiration than Euro-action, has high ambitions for its presidency. Mr Gianni De Michelis, the Italian foreign minister, said in a speech in Belgium this week that among Italy's priorities when it takes on the job were:

- Putting the finishing touches to the single EC market, which must also have labour regulations so that it does not become "a Darwinian space" for big business.
- Preparing for economic and monetary union, so that Italy can table a

draft treaty for the Twelve to get their teeth into the minute they sit down to start formal negotiations in Rome on December 13-14.

• Taking "a great leap forward beyond the horizon of national sovereignty", so the Twelve can embark on their parallel negotiation on political union with a report full of "sound proposals" such as giving the European Parliament a say in law-making equal to that of the Council of Ministers.

Mr De Michelis also plans to keep up the tempo of Community diplomacy by signing "a charter of transatlantic relations" with the US and association agreements with east European countries. But the reality is that these days the EC is marching more to the drumbeat of history than to the baton-wave of the temporary occupants of the Council presidency.

The British might not agree with Mr De Michelis that "everyone is convinced

that we have to act quickly and that we cannot linger over excessive quests for compromise, being over-cautious and over-reasonable, because there is no trace of prudence in the history of Europe over the past year". Yet outside catalysts like the events in eastern Europe have accelerated internal progress in the EC.

Indeed, Ireland has done a better job than all previous presidencies in getting agreements on single market directives, according to a scorecard produced by Dublin yesterday. With 26 directives and 11 "common positions" (political agreements in the Council) achieved during its half-year in the Council chair, Ireland emerges well ahead of other countries which have held the presidency since the Single European Act came into force in mid-1987.

With many of the 280 single market proposals already passed, some of the agreements under the Irish presidency

seem of less than stellar importance, such as eradicating African swine fever in Sardinia and getting a single market in heart pacemakers. But some very significant measures were agreed in the first half of this year - on opening up new areas of public procurement, on electricity transit, and on corporate tax (a triumph that had eluded successive presidencies for the past 20 years).

If the scorecard were also to give a measure of agreements per hour of ministerial negotiating time, Ireland would also make a good showing. The "chair" had a way of shutting off irrelevant ministerial discourse, and of stopping the meeting altogether if it was clearly going nowhere. This welcome development - especially after the French predecessors' meant that "Council sessions, billed for two days, were miraculously often over on the first day.

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INTERNATIONAL NEWS

Kamunda concedes referendum on multi-party system

By Mike Hill in Lusaka

ZAMBIA President Kenneth Kaunda, under pressure after a week of rioting in which 23 people have died, yesterday announced a referendum on whether to return to a multi-party system.

The decision to hold the referendum had been taken earlier this year, but no date had been fixed. Government officials hope that fixing a date may help defuse the tension of the past week, when many of the protesters were calling for the reintroduction of the multi-party system, abolished in 1972 leaving the United National Independence Party as the sole legal party.

Security forces yesterday crushed the last remaining protest by storming Lusaka university campus before dawn, dispersing at least 25 students. On Thursday students had declared the campus a "liberated area" and were reported to have been making petrol bombs. But it appears soldiers met no resistance yesterday.

Thousands of posters calling for President Kaunda's resignation were discreetly removed by police from roadside fences before dawn.

About a thousand campus

residents were herded into an open space near the university gates, and ringed by troops. Later in the day, many were taken to Lusaka's central bus station and ordered home, while others clutching boxes of books and suitcases left on foot.

Some students were issued passes allowing them to return to take exams in two weeks. Others tore them up and vowed to continue their protests in the townships.

Elsewhere in the capital people returned to work, and the army street patrols were reduced.

President Kaunda yesterday blamed the riots on advocates of a multi-party system, describing them as "mischievous people who have no desire to serve the people sincerely".

He said 34 students were arrested at the Lusaka campus. "We want to know who was engineering (the riots) to cause confusion and organising dark corner meetings".

Several hundred alleged rioters were already in custody.

Diagrams said the government remained "nervous" about the possibility of unrest spreading to the Copperbelt. Man in the news, Page 6

Something old... something new...

By Stefan Wagstyl in Tokyo

JAPAN'S thoroughly westernised imperial couple yesterday married in a court ceremony little changed in a thousand years.

In the morning, Kiko Kawashima, 22-year-old daughter of a university professor, who wed Prince Aya, second son of the Emperor, seemed almost overwhelmed by manoeuvring around a wooden shrine in a 12-layer kimono. By the afternoon, she appeared relaxed and smiling in the imperial palace, wearing a western-style white gown and a 200m (\$75,000) tiara.

The press has tried hard to generate excitement about Miss Kawashima to compare with that which surrounded the Empress's wedding in 1959. But today's Japanese are less interested than their parents.

Kiko-mania has flowered sporadically. Even this week, few magazines put her on the front cover. Companies are forbidden from profiting from imperial events. Nevertheless, "Royal Wedding 1990" watches imported from the UK sold out.

Young people are divided about the new princess. Some schoolgirls have cut their hair Kiko-style and imitate her



The imperial couple: he keeps catfish, she plays the zither

smile. Men have been quoted saying her modest demeanour is ideal for a Japanese wife. But some women say the princess looks too submissive.

These views hardly do Princess Kiko justice. Having lived in Philadelphia and in Vienna, she speaks English and some German and plays the zither.

She shares with her husband an interest in nature - they first made friends as students on field trips.

Prince Aya, in Oxford studying biology, is so taken with his research that Princess Kiko agreed that a pool in their garden should be stocked with his favourite creatures - catfish.

Euphoria over British arms exports begins to turn sour

By David White, Defence Correspondent

WHEN Britain persuaded Saudi Arabia to turn away from US and French suppliers and buy Tornado aircraft, it started a euphoric era for UK arms exports. But further orders for Tornados are now in doubt because of snags in the Saudi financing schedule.

The first \$5.5bn package deal with Saudi Arabia in 1986 was Britain's biggest-ever export order. In 1988 it was extended with a fresh list of requirements, worth \$10bn. A Saudi official has said the deal could reach \$25bn by 2000.

British Aerospace, which acts as prime contractor for the deal, yesterday denied there were problems. But a senior executive of one company involved in the programme remarked: "Right now, there's not money coming out of people's ears."

The Tornado was the starting point for the UK-Saudi agreement. Saudi Arabia initially wanted US F-15 strike fighters and French Mirage 3000 interceptors. When the US balked, the Saudis dropped both in favour of the dual-purpose Tornado.

And 30 Hawk advanced fighter-trainers. But contracts for arms in the second package have still to be signed, two years after the framework agreement.

Details of the second package were never announced. Apart from a further 48 Tornados, it included another 60 Hawks, 88 Black Hawk helicopters built by Westland, six minehunters, a handful of BAe 125 and 146 aircraft, plus weaponry and training. Biggest of all are infrastructure projects including an air base.

A special payment arrangement is being used, based on a stipulated daily quantity of Saudi oil. The revenue from this oil is paid into a London account, owned by the Saudi Government and run by the UK Ministry of Defence. As contracts proceed, money is drawn down, paid to BAe, and by BAe to sub-contractors.

BAe can count on a continuing volume of business as long as the arrangement stays. But directors say they had "apprehensions" from the start about the workings. There were two risks: fluctuations in oil prices and in dollar exchange rates, both against sterling and against the D-Mark, the currency in which BAe has to pay its German and Italian partners in the Tornado.

Most of the 72 Tornados ordered in 1986 are already in Saudi Arabia, with the remainder due for delivery this year and next. BAe has also sent 30 Swiss-designed basic trainers

After cash flow difficulties last year, the Saudis paid in about \$2bn to the account and agreed to raise the amount of oil, which had already been doubled since the start of the programme to 400,000 barrels a day, by a further 100,000 b/d. But difficulties remain. Negotiators have been trying to sort out what this would allow the Saudis to have from their shopping list, and when.

The Southampton shipyard Vosper Thornycroft was instructed to proceed with the minehunters in 1988, but without a final contract. The first vessel is being fitted out for sea trials later this summer. Helicopters have moved up among the priorities, and it is thought a partial order may be placed by the end of the year.

This has raised the question of when further Tornados could be fitted in. This would be after BAe has stopped assembling them for the RAF.

BAe, which builds a Tornado a week, has enough work in hand to last until early 1992. After then it is not clear how it will fill the gap until - and if - production starts on the new, four-nation European Fighter Aircraft (EFA). The hope in the back of many minds at BAe is that the Saudis will now turn their interest to the EFA.

NEWS IN BRIEF

Japan current account surplus falls by 57%

JAPAN'S current account surplus in May was 57.5 per cent lower than a year ago at \$1.46bn (\$5.5m), despite fears within the government that the weakness of the yen is starting to slow readjustment of the surplus, Robert Thomson reports from Tokyo.

Figures yesterday showed the seasonally-adjusted current account surplus for the month narrowed to \$2.13bn, down from \$2.38bn in April, while the trade surplus was \$3.29bn, against \$3.93bn in April.

The overall balance of payments for May showed a surplus of \$8.89bn, against a \$12.4bn deficit in the same month last year. The long-term capital account showed a deficit of \$5.56bn, down from \$12.5bn last year. Seasonally-adjusted, the balance of payments was in deficit by \$3.4bn, against a \$2.56bn deficit in April. Japanese direct investment abroad was \$3.67bn, down from \$5.3bn in April.

Aid for small companies

Britain will try to help small and medium-sized Japanese companies keen to invest in UK operations, Mr Timothy Eggar, British-Japanese trade minister, said yesterday, Robert Thomson reports from Tokyo.

He had found great interest among managers of small companies in establishing joint ventures and technology transfers, though the companies did not necessarily have the resources to establish their own operations abroad.

One purpose of his visit was to see if small UK companies had much to learn from their Japanese counterparts.

Seoul to cut interest rates

Interest rates at South Korean non-bank financial institutions will be cut by between 1 and 3 percentage points from Monday, the Finance Ministry announced yesterday, John Riddling reports from Seoul.

The move is aimed at narrowing the widening gap between assets at banks and non-bank financial institutions such as brokerage houses, insurance companies and short-term financing groups, and will ease the interest burden on South Korea's highly-leveraged corporate sector.

It is also seen as an attempt to increase the Government's control over the money supply, as part of its attempts to limit Korea's rising inflation rate.

Kenya newsmen charged

Three senior Kenyan newspaper men were charged in court yesterday with publishing material "likely to cause fear, alarm and despondency" to the public, as the government continued a press crackdown, Julian O'Connell reports from Nairobi.

The three, who work for The Standard group of newspapers, had their passports confiscated and were released on bail of about \$2,000 (\$1,162) each. The Standard Group, controlled by Mr Tiny Rowland's Lombro conglomerate, also faces the same charges.

Colleagues said Mr Francis Githui, managing director, Mr Mitch Odera, an acting editor-in-chief and Mr Francis Mwangi, Managing Editor of the Sunday Standard, were detained after reports of deaths had been made earlier this month when residents of a Nairobi slum fought city security men trying to demolish their homes.

Uganda black market move

In a move aimed at curbing Uganda's illicit foreign-exchange dealing, the government has legalised black market traders, allowing them to become authorised bureaux de change alongside commercial banks, Julian O'Connell reports from Nairobi.

Dealers seeking legalisation will have to register with the Central Bank on paying a non-refundable \$1,000 (\$581), under a budget tabled by Mr Crispus Kiyonga, Finance Minister. Mr Kiyonga announced a further devaluation of the official exchange rate from Sh400 to Sh440 to the dollar, to boost exports. The change has been trading on the parallel market at between Sh 700-750 to the dollar.

GNP grew 6.5 per cent last year, down from 7.2 per cent in 1988. Largely attributable to falling prices for coffee, Uganda's top foreign exchange earner. Total external debt stands at \$1.5bn. The budget introduced increases in salaries and allowances for civil servants, raised producer prices for coffee and cotton, and pledged to reduce inflation from 30 to 15 per cent by 1991.

Mexican 'embezzlement'

Alleged embezzlement of Pesos 400bn (\$89m at the current exchange rate) was carried out by 13 senior officials at Banco Nacional Pesquero y Portuario (Banpesca), according to a Finance Ministry investigation, Richard Johns reports from Mexico City.

Banpesca, the state-owned fisheries and port development financing institution, was declared technically bankrupt this spring. Its liabilities are calculated at about Pesos 2,750bn as a result of having extended loans in US dollars without any foreign exchange cover, and also credit at subsidised rates.

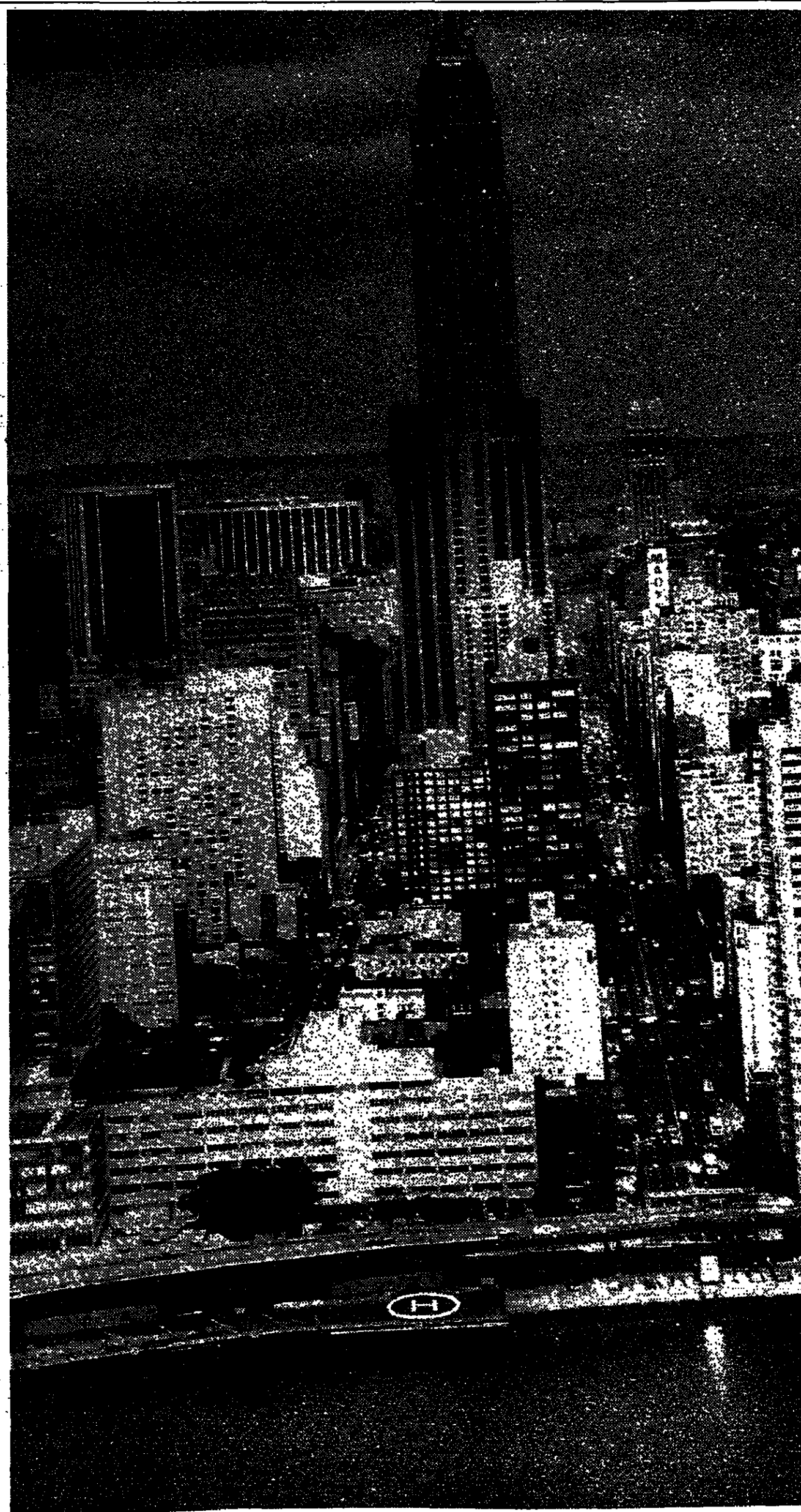
Dialogue after Bogota violence

Dialogue and disarmament are becoming the dominant themes in the last weeks of President Virgilio Barco's administration, after a spate of violence in Medellin, Sarita Kendall reports from Bogota.

Self-defence groups, two left-wing guerrilla movements and some of Medellin's killer gangs have shown willingness to discuss peace.

Despite these moves, 14 people were killed and 33 injured by a bomb during a ceremony to swear in a new police chief for the city on Thursday.

Two big car bombs were defused during the past week and more than 140 police have been murdered in Medellin so far this year.



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Denis Healey: note of gloom about eastern Europe's future

UK NEWS

Curbing spendthrift borrowers

David Waller finds Mr Major in a cleft stick over credit advertising

MR JOHN MAJOR, the Chancellor, is normally a model of unpopularity when he makes pronouncements on the merits of a hard European Currency Unit. Yet on the subject of aggressive credit marketing, he becomes impassioned.

His speech at the Tory ladies' conference in London last week, when he urged lenders to take heed of "the very considerable distaste many people feel" to indiscriminate advertising and credit advertising, is only the latest in a series of attacks on aggressive sales tactics employed by UK lending institutions.

He had a go at the banks and building societies in his Budget speech. A couple of months later he spoke out about credit marketing in the high street. "I don't like walking down the street and seeing adverts in the windows promising 0 per cent interest," he said. "There is no such thing. The cost is built into the price. I don't regard that as the right way to behave."

If the Chancellor has a bee in his bonnet on this issue, so has Sir Gordon Borrie, director-general of Fair Trading, who last week took action against the direct-mail techniques used by the timeshare industry. So too does Mr Richard Ryder, Economic Secretary to the Treasury, who lambasted the building societies' credit advertising this month.

It is clear that Mr Major's views are shared by many voters. People resent being bombarded by mailshots - more than 20m direct-mail items are sent each year. They particularly resent those labelled "private and confidential" when they offer spurious free gifts or exhort the recipient to take out a loan when interest rates are penally high.

The sort of letters people object to became clear when, a week ago, Holiday Ownership Exchange, a leading timeshare operator, gave the OFT written undertakings that it would stop publishing misleading advertisements. Sir Gordon had threatened legal action after members of the public



had complained about personalised letters. The letters said that the recipient had won a free gift - but that he or she would have to attend a sales presentation to get it.

This is not strictly credit marketing but encourages people to take on financial commitments which they can not necessarily afford.

The UK's clearing banks and building societies are not quite as aggressive in their pursuit of new loan business. Nevertheless, millions of people undoubtedly feel aggrieved at their persistence.

"I'm self-employed and teetering on the verge of insolvency," says one City temporary secretary. "They know it but they try to get me to borrow every time I get a bank statement."

Written over the top of a colleague's bank statement (from Lloyds) this month is: "A new car? A holiday? Furniture? Our personal loan lets you buy whatever you need, whenever you want."

If this is an aggressive attempt to get a loan application, it is not quite as insistent

as an example cited by Mr Simon Johnson, manager of National Debtline self-help service. Someone complained to him that within a week of receiving a county court summons from a finance house over an unpaid debt, the same company had sent him a personalised letter asking him to take out a further £2,000 loan.

Another source of discontent is the ease with which one can walk into a high street store and obtain the credit for goods one, even borrow more money. "Instant credit," is the alluring sign posted in many shop windows.

Retailers in their defence that they run as rigorous a check on creditworthiness as any lending institution, only that the process of approval for the loan takes less time thanks to computerised procedures.

Club 24 - a finance house which is owned by Next and acts for Dixons, Evans, Raters and other retailers - says that "credit may be quick, but we do a tremendous number of checks." Ms Elizabeth Stanton, director of the Retail Credit Group, a trade association of retail finance companies, says

that it is easy to apply, but no easier to get a loan.

The problem for the Chancellor - who, like Mrs Thatcher, wishes to see the UK turned into a nation of thrifty savers - is that people like borrowing. If consumers are happy to borrow, why should lenders not compete, as vigorously as possible, for what business there is? In an era when personal responsibility is encouraged, why worry that many people are happy to make inept financial decisions?

There is a second, ideological problem for Mr Major, who is after all Chancellor of an aggressively pro-free market Government. If consumers are happy to borrow, why should lenders not compete, as vigorously as possible, for what business there is? In an era when personal responsibility is encouraged, why worry that many people are happy to make inept financial decisions?

It is no wonder that the financial services industry reacted with some dismay to Mr Major's suggestion that he might impose restrictions on banks and building societies if their own code proved too lax.

The most socially obnoxious credit marketing comes from those institutions offering secured lending to those already in financial difficulties. "They are frequently vulnerable and desperate," says Ms Deborah Leonard, of the National Consumer Council.

Often, people are invited to consolidate all their debts into one, even borrow more money. "Instant credit," is the alluring sign posted in many shop windows.

Earlier this year, new rules came into force requiring that advertising for this sort of loan carries a health warning - for example, "your home could be at risk" - and details the precise cost of the loan.

However, there is evidence that the rules are being ignored. The Government could do more to enforce compliance, but would this go down just as well with the Tory ladies?

EMPLOYMENT

'Persuasion' is best route to jobs for the disabled

By Ivor Owen and Diane Summers

PERSUASION rather than statutory requirements offers the best route to increasing job opportunities open to disabled people, Mr Nicholas Scott, the Minister for Social Security and disabled persons, told the Commons yesterday.

He urged more employers to look for the abilities which frequently lie behind the disabilities, and forecast that the next 10 years would see a tremendous advance in the way disabled people were regarded.

Mr Scott called for greater efforts to integrate disabled people into the community, with less emphasis on special schools and workshops.

The call came as the Government launched a consultative document on employment and training for people with disabilities. The document could pave the way for abolition of the quota system under which employers are supposed to ensure that 3 per cent of their workforce comprises registered disabled people.

This would be vigorously opposed by organisations such as the Spastics Society and the Royal National Institute for the Blind, which yesterday called for the existing rules to be rigorously enforced.

Another main proposal raised in the document is for a campaign centred around a symbol that employers could use on letterheads and advertisements. The symbol would indicate commitment to good policies and practices towards disabled people.

Employment and Training for People with Disabilities, Room 304 Steel City House, Moorfoot, Sheffield S1 4PQ

A struggle against the odds to reach a quota

Diane Summers finds employers face a tough target

THE SHEER difficulty of reaching anywhere near the quota for employing disabled people is illustrated by the National Westminster Bank.

Legally, an organisation with more than 20 employees should ensure that 3 per cent of its workforce is made up of people who are registered disabled. However, one "inherent flaw", as the Government has described it, is the arithmetic impossibility of all employers meeting the 3 per cent, since registered disabled people make up only about 1 per cent of the workforce.

NatWest figures for last month show just 369 disabled people employed out of a workforce of 88,000. Even when other workers who have some disability but who are not registered are added, the total comes to 1,415 - only 1.6 per cent of the workforce.

NatWest does not claim to be doing everything right, but it has done more than many employers to encourage disabled people onto its staff. Because of the impact of demographic changes, it also has the incentive, along with many other organisations, to consider groups which are neglected in times of a plentiful labour supply.

The bank employs Mrs Gill Stokes as its manager of disabled staff. In spite of being referred to as the disabled manager, she has had some success in changing management attitudes and co-ordinating an approach to recruitment and training.

Perhaps surprisingly, given what seems an inevitable failure each year to meet the 3 per cent quota, Mrs Stokes is opposed to its abolition. "It



Disabled workers: a company employing more than 20 workers should ensure 3 per cent are registered disabled

sounds ridiculous, but it's all we've got," she says, echoing the view of campaigning organisations in this area. "We mustn't do away with it - that would be a cop-out - but it does need amending."

An across-the-board quota should be replaced, suggests Mrs Stokes, with individually negotiated targets which would reflect the local employment situation. Applications for exemption certificates, which are given to companies which claim they cannot meet the quota, should be much more closely scrutinised in line with local targets, she says.

When she started the job in 1987 she took seriously the legal obligation to keep records, only to discover that there were very few prosecutions of organisations that ignored the rules. She favours firmer laws and even anti-discrimination legislation to match provisions that outlaw sex and race discrimination.

The chances of the Government agreeing to this appear slim, partly because it is argued that legislation would alienate employers. It is also unlikely to take on board another of Mrs Stokes' suggestions: a levy imposed on employers which fail to meet their quota. Such a scheme exists in West Germany where the quota is 6 per cent. Perhaps NatWest's views will give the Government reason to reconsider its position. Meanwhile, Mrs Stokes has much still to do within NatWest. Her job is still in the personnel department, integrating it with the equal opportunities department would help emphasise the issue as one of equal opportunities and not a "welfare" question.

Howard renews attack on EC work directives

By John Gapper and Ralph Atkins

THE Government yesterday renewed its attack on the effects of European Commission directives on workers' rights in the Single European Market programme, calling for employers who would be affected to protest publicly.

Mr Michael Howard, the Employment Secretary, appealed to British employers operating working patterns that could conflict with forthcoming directives to back the Government's resistance.

Mr Howard spoke after visiting Ingersoll-Rand in Horwich, Lancashire at which 50 workers do four 10-hour night shifts followed by a three-day break, and 50 employees work three 13-hour day shifts and take four days off.

He said the company would probably be affected by forthcoming directives which may establish statutory rest periods between shifts, and possibly a maximum day shift of 13 hours and maximum night shift of eight hours.

Mr Howard also claimed that the existing rules and regulations could have stopped Rover Group reaching an innovative round-the-clock working agreement with unions in return for conceding a 3-hour week.

He said that for Ingersoll-Rand, an engineering company, to change its shift patterns to fit in with commission proposals would be disruptive and add to costs.

The commission has just published directives for the working conditions of part-time and temporary workers to be harmonised with those of full-timers. Working time proposals are expected shortly. The directives are the first of a series expected to implement the Social Charter of Workers' Rights. The Government has



Michael Howard: call for support from employers

been strongly opposed to the charter.

Mr Howard's attack on the commission's proposals came as other Cabinet ministers seek to offer their own versions of Britain's role in Europe.

Mr Douglas Hurd, the Foreign Secretary, in a speech today will rebuff accusations that the Government's proposals for a "hard Ecu" as a common currency are a diversionary tactic. He is expected to argue that the plan, suggested by Mr John Major, the Chancellor, is a constructive alternative to the Delors report on monetary union.

Mr Hurd's speech is likely to be interpreted as consolidating progress made by the Foreign Office and Treasury in pushing the Government towards taking a more pro-active stand on monetary union, in spite of the Prime Minister's scepticism.

Mr Major is likely to add weight to the argument in a speech to the Welsh Conservative party conference at the end of next week.

DTI eases exports to east Europe

By Charles Leadbeater, Industrial Editor

THE GOVERNMENT yesterday announced plans to relax controls on exports to eastern Europe.

The changes announced by Mr Nicholas Ridley, Trade and Industry Secretary, are designed to bring UK controls into line with the recent decision of the Coordinating Committee on Multilateral Export Controls (Cocom) to liberalise regulations covering exports to eastern Europe.

Mr Ridley said political reform in eastern Europe was spurring the most fundamental review of export controls ever undertaken. The changes would open up opportunities

for British exporters. A small core list controlling exports in about seven sections, to be drawn up later this year, will be combined with an overhaul of the Export of Goods (Control) Order.

As an interim measure from next week 80 sections, ranging from forming machines and electric furnaces to floating docks, will be deleted from the list of items which need individual export licences.

Two sections, telemeters and pyrolytic deposition technology, will remain subject to special UK controls. Exports of goods covered by the 28 other

sections will be subject to an Open General Export Licence. An OGEL allows exports of goods to specified countries even though they are subject to controls.

Exports of computers, telecommunications equipment and machine tools will still need individual licences. But applications to export these products to Hungary, Czechoslovakia and Poland are being looked on more favourably.

Further measures, due to be introduced next month, have been delayed by international negotiations and the need to amend the Export of Goods (Control) Order.

Former Eagle Trust chairman re-arrested

By David Waller

MR JOHN FERRIDAY, the former chairman and chief executive of Eagle Trust, was yesterday arrested for the second time in 48 hours.

Mr Ferriday was detained by bailiffs from Northampton County Court immediately after he was bailed on a separate £13.5m theft charge at Halesowen Magistrates' Court in the West Midlands.

The bailiffs arrested Mr Ferriday for allegedly failing to attend a bankruptcy hearing last year, and it is likely that he will have to stay in a police cell until early next week.

Earlier, Mr Ferriday was bailed in the sum of £175,000 by Halesowen magistrates who charged with the theft of £13.5m from Eagle Trust, a West Midlands-based unit-con-

glomerate. He agreed to surrender his passport report daily to the police and live at his mother's house.

Mr Richard Smith, a former Eagle Trust director, was also charged yesterday over the alleged £13.5m theft. He was bailed in the sum of £150,000 and, with Mr Ferriday, was remanded until September 27.

A losing battle over the telephone

Emma Tucker finds BT's bills a fruitful source of frustration

WHEN the quarterly telephone bill of Mr and Mrs Wren, who live in Warwickshire, leapt from an average of £50 a year to more than £150 a year, they complained to their local area office, convinced that British Telecom had made a mistake.

After months of argument and further high quarterly bills, BT agreed to monitor their line. When the itemised bills were sent, many of the calls were listed as having been made to a series of 0898 numbers.

Numbers with this prefix are for premium call services, charging 88p per minute at peak rate and 25p per minute off-peak. Although many businesses and other services are available on this code, it has attracted notoriety because of its "chat-lines" and recorded "hot-lines," often of a sexual nature. Mr Wren - a secondary school teacher - and his wife were adamant that they had not made any of the 0898 calls.

It is three years since the Wrens - not their real name - first complained, and they are still battling against BT which insists that the calls were made from their telephone. BT suggested that either the couple's daughter, now aged eight, was making the telephone calls or that someone was breaking into the

house to do so. Most of the calls were recorded as having been made around 9pm, a time when the Wrens were generally at home.

The Wrens referred their complaint to Ofel, the official telecommunications watchdog. Mrs Wren wrote: "Am I supposed to believe that for 2½ years someone has been bypassing the window locks and the door, and repeatedly making use of the telephone which is in our sitting room - sometimes while we are sitting watching television 8 feet away?"

Apparently she was. Neither BT nor Ofel upheld the Wrens' complaints and, when the disputed bills remained unpaid, the line was disconnected.

The Wrens' case shows how difficult it is for customers to establish even an apparently valid complaint, an issue highlighted by this week's Ofel report which showed a annual report which showed a surge of complaints from under 34,000 in 1988 to over 31,600 in 1989.

Of these complaints - most of which are referred to Ofel only after BT's own complaints procedure has failed to satisfy the customer - about 40 per cent were to do with billing.

BT receives about 1m inquiries a year, of which about half are concerned with bills. BT points out that, with 25m customers each receiving quar-

terly bills, it sends out a total of 100m bills per year and the inquiries amount to only about one per customer every 25 years.

"We regret anyone having cause for complaint but we only talking about one customer going to Ofel," said BT, which has now undertaken a major change to the complaints procedure to eliminate the so-called "BT shunt" in which customers are referred from one person to another. Instead, they will be given a single point of contact with their regional office.

It remains to be seen whether this will eliminate some customers' feeling of powerlessness. In the Wrens' view, it was not simply that BT would not accept their own evidence, but that BT acted illegally.

When BT monitored the line as a result of the complaints, the itemised printouts showed that in two cases the 0898 calls were supposedly made at a time when the Wrens said no one was at home, a claim supported by two unanswered incoming calls recorded just seconds before the 0898 numbers had been dialled. But BT still insisted that the calls had been made.

Ofel was of little help to the Wrens. "Ofel simply takes over the evidence that the local

Teacher recruitment drive exceeds government hopes

By Diane Summers, Labour Staff

THE FIRST phase of a government television and press campaign to increase applicants for teaching jobs has far exceeded expectations, according to Mr John MacGregor, the Education Secretary.

The campaign, the first of its kind, generated nearly 20,000 responses. About £1.25m has been spent on the first stage, which means that each response has cost about 65p. It is not known how many of these initial inquiries will be converted into actual applications, said Mr MacGregor.

The press advertisement drew more response than TV promotion, while twice as much was spent on television. However, Mr MacGregor stressed some interest may have been stimulated by TV with inquiries then responding to newspaper coupons.

In addition, an objective of the campaign had been to enhance the image of teaching, he said. Market research would now be done but Mr MacGregor

said he was convinced that teaching as a career is clearly on the up. He was particularly encouraged that nearly 50 per cent of the respondents were over 26, of whom almost half were graduates.

However, the largest teaching union, the National Union of Teachers, warned that applicants could be put off when they received salary details. Mr Doug McAvoy, the General Secretary, said: "I predict that there would be few who do [apply] when they see from the information sent the limited salary potential of teachers."

The NUT added that it continued to be opposed to the employment of unqualified people under the present Licensed Teacher Scheme.

Mr MacGregor said yesterday that there was some evidence that since the abolition of the Inner London Education Authority the number of teacher vacancies had fallen in areas with shortages, such as the borough of Tower Hamlets.

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The pains of GEMU

NOW IS the time to praise regulatory competition. A week that began with a discussion of economic and monetary union at the European Council and will end with German monetary union is the occasion for appreciating a force common to both. For regulatory competition is the way that not only prices, but regulatory systems as well, are forced to converge by free competition in markets for goods, services, capital and labour.

Competition among regulatory regimes – the notion that permitted the EC to escape from sterile debates over the Euro-savings – is the liberal idea that underpins the internal market programme. Thus, for the EC, whose starting point was individual freedom, regulatory competition has been the benign effect of undermining the protectionism of its member states. On the states of eastern Europe, however, its effect has been dramatically destructive. Once their citizens were granted a choice, these regimes collapsed.

In the most dramatic case of all, that of East Germany, the emigration of 340,000 people in 1989 brought about the collapse not just of a regime, but of a country. Mr Helmut Kohl was swift to respond. A concrete result will be seen on Sunday, when the D-Mark is given the status of a reserve for Stalinalist tyrannosaurs.

Competition among regulatory regimes undermines the most restrictive, just as competition among companies destroys the least competitive. Uncompetitive companies look to governments to protect them. Uncompetitive regimes can take still more ruthless action. By making emigration an offence under the East German death, the East German regime took the regulatory approach to its logical conclusion.

The choice between economically driven regulatory competition, on the one hand, and politically imposed minimum standards, on the other, is central to the future evolution of the European Community; it is no less central to the prospects for German Economic and Monetary Union. In both cases the desirable outcome requires the minimum of the East and the maximum of the former.

Precautionary saving

East German gross national product is only 10 per cent of that of West Germany. Given the small size of the East German economy and the limitations upon its immediate capacity to absorb resources, West Germany is not likely to be dramatically affected by GEMU. In its latest Economic Outlook, the OECD suggests

that, in 1991, the current account deficit of East Germany would make the surplus of an integrated German economy only \$9bn smaller than that of West Germany alone.

Similarly, there is no reason why GEMU should lead to a long-lasting increase in inflation. The total D-Mark broad money supply should not rise by more than 12 per cent and converge by free competition in markets for goods, services, capital and labour.

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It would have been unthinkable 20 or 30 years ago for a Quebec-based multinational to conduct its annual meeting entirely in French. The pillars of Montreal business in those days were such symbols of old Anglo-Canadian money as Canadian Pacific, Alcan, Sun Life and the other financial institutions along St James Street.

But times have changed in Quebec. St James Street is now better known as Rue St Jacques, and at the annual meeting of the transport equipment maker Bombardier last Tuesday, anyone who did not speak French would have been lost without the simultaneous translation facilities.

The transformation of French-speaking Quebec from an inward-looking clan dominated by church and civil service to a vigorous and mature society lies behind the political upheavals in Canada which culminated a week ago in the collapse of the package of constitutional reforms known as the Meech Lake accord.

Much of English Canada is wringing its hands at the death of the accord, which would have brought Quebec into Canada's 1982 constitution in exchange for recognising the francophone province as a "distinct" society.

The mood is very different in Montreal. In a comment which sums up Quebecers' self-confidence, Mr Guy de Grandpre, an executive with the diversified financial group Le Mouvement Desjardins, says that the next 10 years will be difficult years for Canada, but an exciting time for Quebec.

Mr de Grandpre was one of more than 100,000 flag-waving Quebec nationalists who swarmed through the streets of Montreal last Monday in the biggest march in many years to celebrate St Jean-Baptiste Day, Quebec's national holiday. By contrast, Montreal has cancelled the Quebec City entirely cancelled – citizens scheduled for tomorrow to mark Canada Day.

Whether it's a baseball commentary in French, the blue-and-white fleur-de-lis flag flitting outside the National Assembly in Quebec City or the emergence of internationally acclaimed Quebecois artists such as Denis Arcand, the film-maker, there is little doubt that Meech Lake or no Meech Lake, Quebec is a distinct society.

With a population of 6.5m (about 80 per cent of whom have French as their mother tongue), Quebec brings together elements of Canada, the US and France, without being quite the same as any one of them.

Quebecers share Canada's strong social security net and high standard of living. But, as a group which long felt threatened, they are more attuned to a collective interest than Anglo-Canadians, for whom the rights of the individual tend to be paramount.

The legal system is part Anglo-American, part French and part indigenous. Women, in particular, enjoy wider protection under Quebec law than in any other part of North America. Some members of Quebec's elite were educated in France, but – at the risk of generalising – they are less class-conscious than Frenchmen and more outspoken, and more likely to watch North

Bernard Simon on the confident emergence of the Quebecois

Masters of their fate



Flags of independence at the St Jean Baptiste parade

American sports such as baseball or ice hockey.

Despite a low birth rate and an influx of non-French-speaking immigrants, Quebec's identity has, if anything, become even more distinct over the past decade or two. With an enormously popular home-made TV soap opera, dubbed Dallas and LA Law, and their own vibrant music and theatre, Quebecers now tend to feel less threatened than Anglo-Canadians by US culture. At the heart of Quebec's new assertiveness is the emergence of a new generation of French-speaking business leaders.

In the referendum held 10 years ago on whether to separate from Canada, one of the most powerful arguments in persuading Quebecers to vote "No" was the fear that they lacked the economic muscle to prosper alone. Now, says the leader of the separatist Parti Quebecois, Mr Jacques Parizeau, "They are impressed by the opposite argument from business people who say: 'We may be in a position to do it. Maybe we can.'"

Several forces converged during the 1980s and 1970s to strengthen indigenous Quebec business. One was the flight of Anglo-Canadian money (including several of the province's biggest financial institutions such as Sun Life) to Toronto after the Parti Quebecois took power in 1976. At the same time as that vacuum was created, the hold of the civil service was loosening, and universities were starting to churn out business graduates.

Government support has played a crucial role. According to Professor Jim de Wilde

of the University of Western Ontario's business school, Quebec's economic strategy has (with the possible exception of Spain) been "the most successful approach to greater economic growth outside Asia in the last two decades."

The giant provincial pension fund, the Caisse de depot et placement, has been an investment bank for the entire Quebec economy, providing equity for a spectrum of companies from the St-Hubert supermarket chain to Canam Manac, the steel fabricating group. Other public-sector agencies, such as the power utility Hydro-Quebec and the industrial development corporation SDI, have helped private enterprise with contracts and cheap loans.

There are fewer regulatory barriers to expansion by financial institutions in Quebec than in the rest of Canada. And there are plenty of options for individual investors. The Quebec Stock Savings Plan offered tax incentives for individuals channelling their savings into publicly listed companies. The plan spawned hundreds of public share offerings by small and medium-sized businesses in the early and mid-80s.

A cluster of about 1,000 entrepreneurs is now driving Quebec business forward through informal contacts and mutual support. Among the most prominent are Mr Bernard Simon, head of the law firm engineering empire; Mr Bertin Nadeau, whose Unigeco group controls the province's biggest supermarket chain; Bombardier's Mr Laurent Beaudoin; and the two elder statesmen of Quebec

business, Mr Claude Castonguay of the Laurentian Insurance and banking group, and Mr Paul Desmarais, whose Power Corporation is a big shareholder in Pargesa, the Geneva-based financial services group.

For Quebecers, the death of Meech Lake is a signal to get on with the job of being "maîtres chez nous" (masters in our own house). But achieving that goal does not necessarily mean a drive towards total independence.

"We don't want to administer the post office and we don't care about the military," says Mr Pierre Marc Johnson, a former premier of the province who now lectures on medical and legal ethics at McGill University in Montreal. Even Mr Parizeau says that the Canadian dollar would continue to circulate in Quebec if the PQ's brand of step-by-step independence, known as sovereignty-association, comes to fruition.

The present Liberal provincial government, under the premier Mr Robert Bourassa, plans to set up a non-partisan commission, including business and labour, to study options for the political future of Quebec. Rather than going for full-fledged independence, Quebec is likely to move in a direction that unequivocally puts its own interests ahead of those of the rest of Canada – in other words, somewhere between the two extremes of federalism and separatism.

A senior government minister this week told members of the Conseil du Patronat, the province's main business lobby group, that they can expect substantial changes in the years ahead, but that the Government will aim for minimum disruption. He singled out current efforts to wrest control from the federal government over manpower training programmes, which Quebec thinks are now mired in bureaucracy.

Mr Johnson predicts that Quebec will move towards a "tripod" of external relationships, whose legs will extend towards neighbouring Ontario, the two provinces together making up about two-thirds of Canada's total output; the north-east US; and continental Europe.

Quebec business strongly endorses the US-Canada free trade agreement implemented last year. At the same time, however, it has much closer ties with Europe than most Anglo-Canadian companies. While the big Toronto banks have recently shifted their attention towards the US, for instance, the Desjardins group hopes to help fund set up a network of credit unions.

There is a risk that another deep recession would sink some of the business success stories of the 1980s. Another wild card would be a victory by the federal Liberals in the next general election, which will probably be held in 1992. The new leader of the party, Mr Jean Chrétien, is an ardent federalist who helped lead the "No" campaign in the 1980 referendum.

Confronted by either or both of these situations, some Quebecers could change their minds about the wisdom of loosening ties with the rest of Canada. But it is equally plausible that a recession or a Liberal government could harden their resolve to go it alone.

Executive pay

Balking at the price-tag

By Simon Holberton

British industry may be concerned that the City takes an excessively short-term view of its activities but there is growing unease among large shareholders that senior executives take an inflated view of their own worth.

The issue of senior executive remuneration came back into the public gaze this week with the start of High Court litigation against Boots by Mr Philip Birch, the former executive chairman of Ward White, the retail chain. He claims Boots, which acquired his company in a hostile takeover last August, owes him £4.7m – the value of his employment contract with Ward White.

In separate events, the board of TSB, the construction and housing building group, moved to cut the remuneration of Mr Michael Botter, its managing director, against a background of shareholder unease at Mr Botter's salary, which had risen from £25,000 in 1985 to £202,000 last year.

The annual report of J Rothschild Holdings, the investment company, disclosed that Lord Rothschild and his fellow directors took a 50 per cent cut in aggregate remuneration last year. Shareholders had previously complained about the amounts directors were paid, although in this case the cut in pay mirrors a poorer business performance.

According to Mr Roger Marshall, secretary to the investment company, the National Association of Pension Funds, executive remuneration is an area of growing concern for investors. "We want to see executives properly remunerated, but not overgenerously," he says.

The 1980s witnessed a huge growth in management literature – in Britain as well as the US – on the alleged positive relationship between the enrichment of senior management and shareholder wealth, where shareholder wealth is defined as the year-to-year growth in a company's market capitalisation.

But the upward pressure on top executive pay has also been boosted by pay consultants who have successfully sold the idea that there is an international marketplace for top management talent. This has enabled executives in companies which trade internationally to claim that their remuneration ought to be commensurate with pay levels abroad, usually (and conveniently) those in the US.

In the UK, aside from perks and pension entitlements, a top executive's pay in a big company, which is usually set out in a rolling three-year service contract, normally consists of three elements:

● Base salary. This is usually a six-figure sum. For top executives it is not unusual for it to be adjusted upwards more than once a year.

● Annual bonus. This can amount to a percentage of

annual salary but sometimes a multiple of annual salary. The bonus is often determined on the basis of profit before tax or earnings per share where the company performs better than budget.

● Longer-term incentive. Share options (which have almost become a right) used to be the preferred long-term incentive. Since the 1985 Budget, which brought in the taxation of capital gains and income at the same rate, senior executives have opted for cash bonuses. This makes the long-term incentive less subject to the ups and downs of the stockmarket.

Uncertainty continues to surround how best to remunerate top executives and the yardstick to use. The NAFF attempted to codify the criteria by which senior executive pay should be determined. "It could not be done," says Mr Marshall. There are simply too many variables and exceptions; how can one compare, for example, an executive brought in to turn around ailing company with one managing a routinely expanding business?

In the US, the compensation committees of large companies have tried to shift the balance in remuneration away from rewards for short-term profit gains to the achievement of long-term growth and profitability. In so doing most large, well-run companies are trying to give a longer-term focus to remuneration.

Mr Hal Johnson, vice-president and human resources specialist at Korn/Ferry, the international executive search consultancy in New York, says these companies look at performance over three to five years. They set agreed targets for performance against a basket of competitors, profit per employee, return on equity, as well as the most commonly used yardstick in the UK, growth in earnings per share.

These plans are growing in importance. In Britain, investors are trying to put pressure on companies both by advocating greater disclosure of top executive remuneration in annual accounts and by lobbying for more non-executive directors to be not only on the boards of companies but also in charge of compensation committees.

The Association of British Insurers in a recent discussion paper also advocated more frequent re-election of directors, a ceiling to be placed on aggregate directors' fees and a year limit placed on the term of directors' service contracts. The ABI said it was "undesirable" that compensation matters should be confidential.

But the issue is unlikely to go away simply because better practices are adopted. As a Korn/Ferry survey of executive pay in Britain recently found, the median salary for top executives with big companies rose by 17 per cent in 1989-90 to £226,285 – almost twice the rate of inflation.

Africa's most precious egg" has been Mr Robert Mugabe, the Zimbabwean President, once described him to crowds in a Lusaka suburb.

The title seems somehow appropriate this week as President Kenneth Kaunda faces perhaps the most serious domestic crisis of his 26 years as Zambia's leader. This week the people seemed on the verge of violently cracking his shell.

At least 23 demonstrators died when police and army clamped down on protests in Lusaka and elsewhere, directed as much at President Kaunda himself, as against the doubling in the price of maize meal, the staple food. The protests marked the most serious challenge in the career of one of the last surviving members of Africa's old guard of leaders.

For 26 years Kaunda – still only 66 – has dominated Zambia; he is the only president the country has known since independence in 1964. But for the past two decades, Zambia has been in economic decline.

Some of the blame can be laid on factors outside the President's control. "Zambia was truly a war baby," Kaunda has written, "born to the sound of gunfire on her northern, western and eastern frontiers." Guerrilla wars in Angola and Mozambique, conflict in Katanga (now Zaire's Shaba province), and Rhodesia's unilateral declaration of independence in 1965, all proved costly.

The slump in the price of copper – which accounts for more than 90 per cent of export earnings – has been a dismal colonial legacy that saw Zambia with barely 100 university graduates at independence, have also contributed to the country's difficulties.

But much of the blame for Zambia's malaise falls squarely on his shoulders. As Kaunda has said: "I weary of the whining of some of my fellow politicians who want to blame the colonial past for everything."

Not long after independence, he moved from playing what a sympathetic biographer, John Hatch, has called a chairman's

MAN IN THE NEWS

Kenneth Kaunda

Cracks in the shell of Africa's humanist

By Mike Hall and Michael Holman

role as leader of the United National Independence Party (Unip), "into the centre of executive action," taking firmer control of the party, building up his State House staff, expanding political education and initiating "an economic revolution".

April 1988 marked a point in this revolution from which Zambia has yet to recover. Kaunda announced that government was taking control of over 20 foreign-owned companies. "It is significant," says the biography (published in 1976) "of Kaunda's new mood that he did not consult his cabinet before making this announcement."

The next year he initiated the takeover of the copper industry. The terms on which the transaction was eventually completed turned the venture into a costly mistake. Agricultural policy proved disastrous, dominated by a belief in state-owned farms at the expense of the peasant sector.

Undaunted, Kaunda continued to pursue his vision of an egalitarian society. Like the teacher he once was, he tried to inculcate into the nation his philosophy of "Zambian humanism", a Christian influenced, socialist doctrine.

It is now widely mocked by businessmen, intellectuals and workers alike. However fine its principles – "human dignity, non-exploitation, social justice, and fair play" – it has failed as a blueprint for development, while providing an unending source of exhortations.

Kaunda's political sense is undeniably keen: no leader on such a volatile continent could otherwise have survived for so long. He remains unwilling, however, to put his popularity to rest. He has now reluctantly agreed to hold a referendum on October 17 on the merits of a multi-party system, which was ended in 1972. But he has also marshalled the resources of the state to campaign against the concept.

Zambia, he argues, remains vulnerable to tribal divisions – one of the ills that 25 years of "humanism" was supposed to have eliminated.

At his best, he can be a charismatic figure and a courteous host who sings the national anthem in a pleasing baritone. At his worst he appears maudlin, diminished by a personality cult, frequently moved to public tears by the woes of the world, wailing eyes and brow with his distinctive white handkerchief.

He is at his most passionate in his condemnation of apartheid, playing host over the past quarter century to liberation movements from Mozambique, Angola, Zimbabwe, Namibia and South Africa. But he is also compassionate, attempting to mediate in the Zimbabwean and Namibian wars of independence, and willing to do the same in South Africa.

It has often seemed, however, that he has placed this

latter role as world statesman ahead of mounting domestic concerns, and lost touch with his impoverished constituents.

His broadcast to the nation on Wednesday, detecting "dark corner" conspiracies against the government and threatening further crackdowns on trouble-makers, showed he understood little of what had happened. While angry township residents burnt Unip flags, Mr Kaunda tried to convince them: "UNIP loves the people."

He seems at home in the leafy, spacious and well-protected surroundings of State House, with its golf course, and flocks of peacocks and roaming antelope. He is at his best, say former political colleagues, when using his powers of persuasion and mediation, the quality that originally won him the leadership.

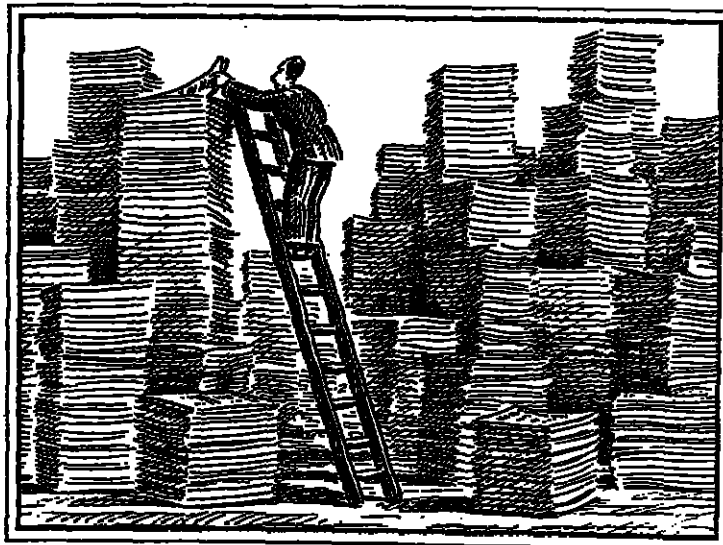
But the soft image is deceptive. He uses appointments to a bloated party bureaucracy, unwieldy state-run enterprises and diplomatic missions abroad to ensure a loyal, but frequently resolute elite.

The mission-educated Mr Kaunda – raised by a strict God-fearing father – has also ensured that no challenger can emerge from the party ranks. When a serious contender did emerge – the late Simon Kapwepwe, a former vice president – loyalists made sure that party rules precluded any challenge to Mr Kaunda in the 1978 elections.

"We must be calmly analytical of past errors," Mr Kaunda wrote 10 years ago, "and, above all, (remain) conscious of the fact that whoever raises the weapon of revolution is wielding a two-edged sword, one edge of which is never far from his own heart."

This week's unrest may prompt him to recall those words. For it is President Kaunda himself – not the IMF, nor South Africa nor the London Metal Exchange – who is now being blamed by an increasing number of Zambians for the parlous state of the nation.

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John Smith

Balking at
the price-tag

The Queen, the Prime Minister and 16 people are about to embark on the process of selecting the 103rd Archbishop of Canterbury. Their choice will be made with a statement that can be made with certainty - the new primate's most likely inheritance will be to try to hold the Church of England together as it moves cautiously towards the potentially divisive acceptance of the ordination and consecration of women.

At home he will inherit what some might call an uncomfortable political role; the Church of England is seldom described as the Tory Party at Prayer these days, and during the 1980s came to be viewed by some Conservative backbenchers as the unofficial Opposition. And internationally, he will be expected to give cohesion and leadership to a worldwide Anglican Communion which, with its 27 autonomous and highly-varied provinces, has similarities with the Commonwealth.

Last week Most Rev John Habgood, Archbishop of York, decided not to exercise his right to sit on the Crown Appointments Commission which will recommend Lord Runcie's successor, meaning he is - in the metaphor used to describe the Canterbury succession - in the race.

Sir Richard O'Brien, the former Manpower Services Commission chairman who chaired the Crown Appointments Commission when Lord Runcie was selected, says that while he dislikes the imagery of the horse race - with front runners, out-

sidiers, favourites and odds - it is apt in some ways. "You start off with quite a long list of names in mind, knowing that many are going to drop out at a fairly early stage."

Dr Habgood, like Lord Runcie, is on the church's liberal wing, which both Evangelicals and Anglo-Catholics have accused of becoming too influential in the leadership. Other names which have featured prominently as possible successors include the Rt Rev David Sheppard, Bishop of Liverpool; Rt Rev John Waime, Bishop of Chelmsford; and Rt Rev John Taylor, Bishop of St Albans.

Another source of speculation is Most Rev Robert Eames, the Church of Ireland primate. There is nothing to prevent the Archbishop of Canterbury coming from outside the Church of England - Most Rev Edward Scott, the then Canadian primate, was regarded as a contender at one time. But the commission is dominated by people whose experience is in the Church of England.

Compared with other job-selection techniques, the procedure which will decide the new primate looks as if it might have been around since the Reformation. The appointment is made by the Queen, on the advice of the Prime Minister, from names submitted by the church-elected Crown Appointments Commission.

In fact the process dates only from 1977 and Lord Runcie was the first Archbishop to be appointed under it. Change to the former system of taking soundings prior to the Prime Minister advising the sovereign came in response to pres-

Church's big race is on



sure from within the church for more control.

The procedure is used to fill all episcopal vacancies but in the case of Canterbury the Prime Minister has one extra role - she chooses a communitarian lay member of the Church of England to chair the commission. Mrs Thatcher has selected Viscount Caldecote, former chairman of Investors in Industry, a Conservative peer and a staunch member of the Evangelical wing.

Whenever a bishop retires, Mr Robin Catford, the Prime Minister's appointment secretary and Mr Hector McLain, the Archbishop of Canterbury's appointment secretary, visit the diocese with the commission and consult on the appropriate type of person to fill it. These consultations, which typically involve about 150 people and include members of the wider community as well as church representatives, have already taken place in the Canterbury diocese.

But the Archbishop of Canterbury's other roles as Primate of All England and nominal head of the Anglican Communion mean the consultations must extend throughout the Church and the world.

Letters have gone to all Church of England bishops and primates in the wider Anglican Communion. Representatives

of the clergy and laity in each English diocesan synod are asked for their views, and many carry out their own extensive consultation exercises before giving them. Leaders of other Christian denominations are approached, a part of the process which is seen at this time to include Britain's growing black-led churches.

Mr Catford and Mr McLain discuss the results of these consultations. "We have to do all our research very rigorously because the candidates are not there in person to argue their cases or be interviewed," says Mr McLain.

Members of the commission can nominate any ordained Anglican as the next primate. Sir Richard and his colleagues spent a long while discussing the nature of the appointment before beginning to consider names. "We had to draw up some sort of job specification, and agree on the demands of the post and the qualities required before we could begin to consider names."

In any case, this race is one where backing favourites is risky. The commission's deliberations can take months, and members' initial perceptions of the qualities of the person given the strains of a relationship which has existed periodically between the Prime Minister and the Church of England, a potential church-state crisis would be on the boil.

Sir Richard admits that the procedure is "very English" and difficult to defend in logic. "But it helps to absorb the divisions between factions in the Church. If you had direct elections you would have parties

and winners and losers. I am not in favour of the promotion of division within the Church."

The procedure is quite unlike anything Mr McLain encountered in his previous career as an ICI personnel manager. But he says he has discovered that it successfully combines "objectivity" and "anonymity." It is the envy of some visitors from the US Episcopal Church where bishops are chosen in high-profile and sometimes divisive election campaigns. Such a campaign has this month been in progress to elect a new Bishop of Washington, with a slate of six candidates setting out their election addresses in print and on video.

The system was introduced to give the Church the decisive voice over the state in its appointments. It fails to satisfy those who believe the state should have no voice at all.

Rt Rev Colin Scott, Bishop of Hulme, says the Church of England is now the only Christian church where the final say in appointments is made by politicians. He thinks the time has come for this to end. This would raise the question of whether the church's established status, with its close links to the state manifested by bishops sitting in the House of Lords, could continue.

"I do not believe the removal of state involvement would call the established status of the Church of England into question. The Church's point of view, Queen Victoria granted the Scottish church full independence in the last century. But if the ending of establishment were the price demanded by politicians, I think that we should be prepared to pay it."

Central banks are supposed to epitomise cool, calculated financial probity. You would also assume they treat their gold as a solid "store of value" to be tucked away in case of disaster.

Not so Portugal's central bank, which managed recently to lose 288,000 troy ounces of its gold, worth US\$100m, in the collapse of the Drexel Burnham Lambert financial services group. Portugal's experience has sent shock waves through the gold market.

Traditionally gold has done nothing but take up storage space in central bank vaults. But since the mid-1980s some central banks have been "mobilising" this otherwise unproductive asset by lending gold to the market in return for interest.

There is a big market for borrowed gold, both among refiners and stock-holders and among mining companies, which borrow gold, sell it quickly to raise development finance, and pay back the metal from future production. While cen-

Portugal's central bank loses its shirt on gold

Kenneth Gooding says the bullion market is in shock

tral banks are the main supply source, gold is also leased out by investors and some bullion banks. "Gold reserve mobilisation" is only a fringe activity for central banks. The US Treasury Department, with the world's largest gold reserves of about 282m ounces, is not in the market. But a dozen European, South American and Asian central banks have been involved in gold-lending, and the monetary authorities of communist or ex-communist countries such as the Soviet Union, China and Hungary have been among the most aggressive players.

Drexel allowed its way into this growing market, offering a shade more interest to attract central bank gold. Portugal was tempted. Its central bank, awash with reserves in the late 1980s thanks to successful economic reforms, had become very active in the gold

lending business and between 10 and 20 per cent of its gold reserves - up to 5.2m ounces - were normally in the market. As the central bank's governor, Mr Tavares Morais, revealed to a parliamentary committee, it had no internal rules to cover these substantial lending operations.

The central bank was well aware there might be problems with the gold it had lent to Drexel Burnham Lambert Trading, because the trader's parent group in the US applied for protection from its creditors on February 13. But when Drexel Trading also collapsed on May 6, Portugal's gold was still on loan, as was \$43m worth belonging to Malaysia's central bank.

Some of Drexel Trading's central bank customers were more fortunate, having terminated their gold arrangements when the parent group's problems surfaced. "We saw the hallmarks coming and took cover," said a senior official of the South African Reserve Bank.

The Portuguese central bank said it did not know of the problems with Drexel Trading in March but did not because it feared precipitating the trading company's collapse. The central bank also - wrongly - felt reassured because Drexel Trading was a member of the London Bullion Market Association, supervised by the Bank of England.

"There is no doubt there was an element of human error in this disaster," said one analyst. "The central bank found itself flummoxed with cash after winning first prize in the macroeconomic lottery but did not

have the manpower to manage its wealth."

All might not be lost for Portugal. The central bank did receive some form of guarantee from the Drexel parent before its demise and may get its money (if not its gold) back eventually.

But the gold market has clearly been shaken by the debacle. Mr Rolf Wilt, senior general manager and treasurer of Dresdner Bank, says the market has become less liquid, with various central banks starting to call in their gold when loans mature. "I regard this as a mistaken development," he says. "I hope that reason will soon prevail."

Central banks are also apparently becoming more selective about whom in the gold market they deal with. Mr David Pryde,

managing director of J P Morgan, says his bank rushed to lay its hands on gold when Portugal's problems became public, in order to offset possible market illiquidity. It was deluged with the stuff. "It was obvious that the central banks were looking for quality borrowers," he says.

Now that its attention has been focused on the central banks' gold, however, the market has concluded that there is something to worry about. For the Portuguese debacle has highlighted the growing number of central banks putting gold into the market to raise money.

According to Mr Pryde, a new generation of central bankers is moving into senior positions and "to these bankers gold will be another liquid instrument to be managed strategically." Selling or swapping official gold reserves for cash are "quick and confidential

methods of generating liquidity." Some traders, already suffering from the lower gold prices for four years, fear this tendency will depress prices even further. Central banks and other government investment institutions contributed heavily to the weakness of the gold price last year by selling a net 7.2m ounces - the highest level of official sales since 1979. In the previous four years the central banks were net buyers, mopping up 9.2m ounces in 1988 alone.

Mr Andy Smith, analyst at UBS Phillips & Drew suggests that those central banks which have already given indications of wanting to "mobilise" their gold may hold more than 8,000 tonnes of the metal. "If on average 5 per cent to 10 per cent of these 8,000 tonnes were actively managed, then between 400 and 800 tonnes of central bank gold would be in play," he points out. "That is equivalent, on the 10 per cent assumption, to half the gold mined in a year."

Nuclear power in the UK

From Mr Neville Beale.

Sir, In light of this week's report of the House of Commons Select Committee on Energy, yours will probably not be the only judgment that "the sad history of nuclear power in the UK... shows how dangerous it is to entrust decisions on this subject to government departments and industrial organisations with a vested interest in the outcome."

We should remember that the UK nuclear programme derived originally from a decision of the Attlee Government that we should have nuclear weapons. The later decisions - to build gas-cooled reactors in power stations - were a technically-determined follow-up. The parallel decisions in France in those early years were similarly motivated.

In the late 1960s the French authorities (usually more nationalistic than ours) decided that water-cooled reactors were the wave of the future, and obtained US technology under license from Westinghouse - and General Electric, at first. In Britain, we first persisted with gas-cooling (the AGR), then toyed with an indigenous form of water-cooled reactor (the SGHWR) before opting for the PWR at Sizewell B - but without following the French example of a programme large enough to yield economies of scale through replication.

Having myself been a close observer of the UK nuclear scene over the past 35 years (without any pecuniary interest), I feel qualified to allege that a crucial part in the sorry tale of indecision should be attributed to the hearings of the earlier Select Committee on Science and Technology, under both Tory and Labour chairmen, as UK Governments changed during the 1970s.

You may be right in your judgment, but committees of MPs are unlikely to arrive at any better decisions. Now that the electricity supply industry will be privatised, investment decisions by the companies' managements will presumably be made on rational commercial grounds.

Neville Beale,
Flat 26 Chelsea Towers,
Chelsea Manor Street, SW3

There are BES opportunities in property

From Mr R.D. Montgomerie.

Sir, Mr Tim Villiers ("BES is alive and kicking," Letters June 15) admirably redresses the balance in favour of the Business Expansion Scheme in the face of highly selective criticism.

I am surprised, however, that he does not mention the "BES" made of "BES" BES issues. I refer to Annual Tenancy companies introduced with the 1988 Finance Act.

Annual Tenancy companies offer inexpensive residential

property for letting, requiring properties to be let for four out of the five BES qualifying years.

These issues have proved an astounding success, with £300m being raised since inception, out of a total BES investment of £28m.

The combination of historically high rates of growth in home prices, rental income and liquidity of the investment, has proved irresistible to investors.

The stamp of respectability

given to these issues can be seen from the names of some of the offering companies: Sun Life, Allied Dunbar, Nationwide, etc.

I find it incredible to accept that names such as these will offer the companies' articles of association to the directors to cover these substantial lending operations.

The central bank was well aware there might be problems with the gold it had lent to Drexel Burnham Lambert Trading, because the trader's parent group in the US applied for protection from its creditors on February 13. But when Drexel Trading also collapsed on May 6, Portugal's gold was still on loan, as was \$43m worth belonging to Malaysia's central bank.

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"There is no doubt there was an element of human error in this disaster," said one analyst. "The central bank found itself flummoxed with cash after winning first prize in the macroeconomic lottery but did not

Summer snaps

From Mr L.T. Smith.

Sir, Any reader looking to buy a new camera for the summer holidays will have welcomed Glyn Gennin's helpful advice (June 28). But two matters merit further comment.

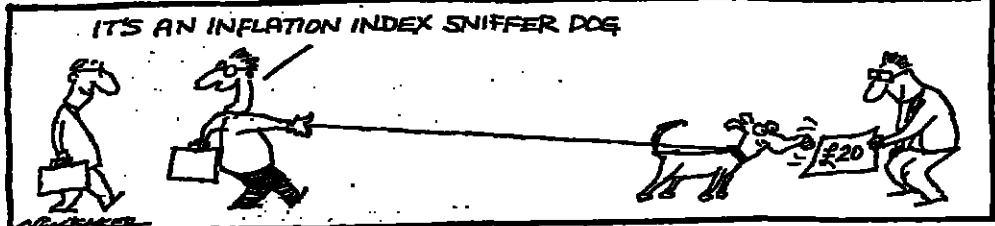
First, the question of the date or date-back. This is a gadget which discreetly prints the date when the picture was taken on the face of the photograph. The processor used to put the date of printing on the back of the snap, some folk write the date on themselves - but most do not, and the date-back facility avoids strains on the memory when the "frozen memories" are viewed years later.

Second, it is worth considering the type of camera which will give the best results in the hands of the beginner.

The autofocus is not as easy to use as advertisers would have us believe. This is because the camera focuses on the place indicated by the focusing spot, and if this happens to be different from the main subject a disappointing picture will result. The type of camera which gives the best results is a fixed-focus camera. It is probably a good-quality fixed-focus camera loaded with a modern 400 ASA film of the Kodak Gold type.

Thus, the ideal summer holiday camera is a fixed-focus camera with film-advance and date-back - and they are hard to find in the shops.

L.T. Smith,
23 Markham House,
Kingswood Drive, SE21



The Hunting of the Index

From Mr K.G. Morris.

Sir, I suggest that the public debate on "Quest for a better index of inflation" (June 15) is more motivated by what most of us are looking for is not a truer measure, but a lower one.

When interest rates go up and down it has a dramatic effect on the cost of living not only of people with mortgages but also of anyone with debts of any kind. Likewise increases in local taxes - rates, the poll tax, or anything else - increase the cost of living for most people. It is true that foreign countries do not include mortgage interest in their RPIs, but they do include private housing rents which the UK cannot include because we do not have a private rented housing sector.

A better measure of inflation

than the RPI might be the monthly money supply figures of a year or so ago, showing the then rate of increase in the money supply, modified perhaps by any subsequent change in the rate of velocity of money - true indication of the rate of current inflation. It is always better to measure something at source, rather than merely measuring its effects.

K.G. Morris,
56 Woodmansterne Road,
Cusdors, Surrey

intricately linked with a foreign exchange rate for sterling, export-competitiveness and imported inflation.

The FX rate is determined in the market by the balance of trade which may or may not subscribe to the Chancellor's views on the "true" rate when they buy or sell the pound sterling. If the Chancellor ignores their views and justifies an entry into the ERM, guided by his perception of the "true" indicator, he may find that the bonanza at the end of this exercise does not exist. If a stable currency is the objective of ERM entry, what the "true" rate may be is not as important as understanding what rate the market would trade on.

L. Banerji,
Berkeley Square House,
Berkeley Square, W1

Invasion of privacy by the press

From Miss Hilary Bonner.

Sir, I was distressed to see a Daily Mirror front page lead about Gordon Kaye, entitled "My Rent Boy Secrets," used in your paper (June 28) to illustrate an article on the Calcutt Report and invasion of privacy. This story, which I wrote in January 1989, was in fact the opposite of the kind of journalism which Calcutt has criticised. It was written to protect Gordon Kaye from far greater harm, and upon his own request.

It followed an entirely unexpected approach from Gordon

Kaye, who had reason to believe that aspects of his personal life were about to be revealed in a particularly unpleasant manner in a Sunday newspaper. He asked the Daily Mirror for a platform in which to tell his story in his own way. We obliged. Gordon Kaye has since been extremely generous in his praise of the Daily Mirror's coverage; I know he feels this made it easier for him to live his personal life as he sees fit.

The Kaye case to which Calcutt refers was, as you cor-

rectly report, the invasion of Mr Kaye's hospital room (following his accident earlier this year) by a Sunday Sport reporter and photographer.

In common with all reputable journalists, I would hope, I totally condemn this kind of behaviour and feel I should clear up any confusion arising from your article concerning Gordon Kaye stories in the Daily Mirror.

Hilary Bonner,
Showbusiness Editor,
Mirror Group Newspapers,
Holborn Circus, EC1

A welcome in the hillsides

From Mr Edwin Merrett.

Sir, Thank you for Tony Moreton's positive and supportive article about business in the Community and the Cynon Valley (June 19).

However, it would be remiss of me not to point out that the very evocative picture you published, showing pit heads and miners' cottages, is not entirely typical. The Cynon Valley encompasses part of the Brecon National Park, some of the most beautiful countryside in the UK, and you can fish for trout in its rivers. Any industrialist or, indeed, any individual looking for a home will be welcomed by more than slag heaps and dereliction.

Edwin Merrett,
Duke Street Arcade Chambers,
Cardiff, Wales

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UK COMPANY NEWS

Bricom team cash in on Swedish bid

By David Owen in London and Robert Taylor in Stockholm

BRICOM, the diversified commercial services group which was spun off to management two years ago by British & Commonwealth Holdings, is to be sold to Rockfield, a new company established by Gamblestad, a Swedish financial services group, and other investors, for a total of £337.5m.

The offer values Bricom's fully diluted share capital at approximately £198.5m, against £33m at the time of the management buyout. Rockfield is also to refinance Bricom's net indebtedness which is estimated not to exceed £133m.

Coming within nine days of Svenska Cellulosa's agreement to pay £1.05bn for Rockfield, the paper, packaging and office supplies group, the deal serves to underline how lucrative successful management buyouts can be for executives and employees.

It will mean the 1300 or so Bricom staff and management will see their original firm investment in the company increased nearly 25-fold.

The eleven senior directors, including Mr Julian Lee, chief executive, who subscribed about half this sum stand to receive well over £12m. Mr Lee's share will be about £2.5m on an initial stake of £100,000.

In the case of Rockfield, formed through a £606.8m management buyout from Reed International, the publishing group, two years ago, the top 30 managers will see a 34-fold increase in their investment.

By comparison, the value of the equity stake in Bricom held by institutional investors, will have increased just 4.6 times - from £38m in 1988 to £173.8m.

B&C, the stricken financial services group which is now in the hands of administrators,

will also receive a small windfall of just over £2m from its remaining stake in Bricom. In March, B&C sold about 19 per cent of the company for £21.6m. The 1988 buy-out valued Bricom at £339m.

Under yesterday's proposals, Rockfield will pay 246.88p in cash for both "A" and "B" ordinary Bricom shares. It will pay 10p in cash per redeemable cumulative preference share of which 337.5m are outstanding. The offer for "B" shares will extend to 13.5m outstanding warrants which entitle the holder to subscribe for "B" shares at 1p per unit.

In the year to December 31, Bricom made pre-tax profits of £18m on sales of £492.2m. The group's subsidiaries include the Bristol Helicopter group, and Steels Aviation Services.

The new Gamblestad group - formed in July last year - is part of the business empire

of the famous Swedish financier Mr Eric Penser with a 46.9 per cent stake belonging to Nobel Industries.

Based in Gothenburg, the company is involved in leasing, securities and corporate finance, asset and real estate management as well as provision of credit for investment in real estate and securities. It was floated on the Stockholm bourse last year.

A spokesman for Gamblestad declined yesterday to reveal the identity of other investors in Rockfield, stating that Gamblestad would be a lead but not a majority investor.

He said that the purchasers would like to be able to sit down with incumbent management before future strategy was determined. Mr Lee is to be appointed as chairman of the new Bricom board.

See Lex

Parkfield attempts to dispel rumours

By John Thornhill

PARKFIELD, the manufacturing and entertainment conglomerate, revealed last night that it was considering the sale of "significant parts" of the group following another sharp fall in the share price.

In a statement released after the close of the market, Parkfield attempted to dispel "many unfounded rumours" about its trading position. But the company conceded that borrowing had grown significantly as a result of heavy programme of capital expenditure, an increase in working capital and a build-up of pre-recorded video stocks.

Contrary to certain rumours, these stocks continue to be sold in an orderly fashion and without abnormal discounting, the statement added.

Earlier in the day, Parkfield's shares had taken a further battering. Operating in a vacuum of information, marketmakers marked Parkfield's shares down from 77p to 55p then up to 83p before the shares closed 69p lower at 69p.

Parkfield's share price has fallen sharply over the last two weeks as the company has warned that its annual pre-tax profits were unlikely to exceed the previous year's.

Yesterday's statement contained no financial figures but the company reaffirmed its intention to continue its restructuring for the year to April 30 by the end of July.

See Lex

IN BRIEF

CROSSROADS OIL GROUP: Company's brokers have placed £1m new ordinary at 70p with certain institutions. The placing is conditional on shareholders' approval at the AGM on July 30. FW Harrison has been appointed to the board.

L&S OPTIMUM Income Trust: results for the period since its inception on October 27 1989 to May 31. A dividend of 1.65p is declared for the latest quarter, bringing the total for the period to 3.35p. Net asset value at the end of the seven months stood at 88.37p. Revenue after tax was £1.03m and earnings per share were 3.37p.

JEFFERSON SMURFIT GROUP: has entered negotiations to acquire a majority stake in the De Halm Holdings, a majority shareholder in De Halm Holdings which in turn owns Kartofabriek De Halm, a paper board mill operating near Groningen. De Halm produces 60,000 tonnes of paper and graphic boards a year. Consideration is not expected to be material in the context of the Jefferson Smurfit group.

STURGE HOLDINGS: Subject to the consent of Lloyd's, Holmes Hayle (Overseas) will become part of Sturge later this year.

SWAN (JOHN): pre-tax profit fell to £227,488 (£216,971) in the year to April 30. Turnover was £129m (£128m); income from investments and short-term deposits £6,430 (£4,158). Tax took £70,940 (£109,344) and earnings per share were 24.8p (30.9p). Dividend 13.2p (12p) for the year.

TEREDO PETROLEUM (USM)-quoted: petroleum explorer, developer and producer. Turnover: £248,000 (£286,000) and pre-tax profit £129,000 (loss £50,000) for half year ended March 31. Earnings 0.08p (losses 0.14p) per 10p share.

FALE AND VALOR (security and home products group): Mr Michael Montague, chairman, said in his annual statement that he expects to report a similarly successful 1990-91 year to that achieved for the 12 months ended March 31 1990. For the 1989-90 year, pre-tax profits rose to £56.6m (£49.3m) from a turnover 19 per cent higher at £414.7m.

Rapid outbreak of peace finds BAe with defences down

Paul Betts reports on problems in military aircraft

THE GROWING uncertainties over the future of the Tornado and European Fighter Aircraft programmes have accelerated the search for new areas of business to compensate for the decline in its traditional military aircraft activities.

Even before the recent dramatic developments in East-West disarmament started casting doubts on new military aircraft sales, the aerospace community was beginning to become increasingly nervous about medium-term prospects for military aircraft.

Last November Shearson Lehman Hutton in its quarterly analysis of the UK aerospace industry was already downgrading the medium-term ratings of major UK aerospace companies. The report argued that the military aircraft sector, from which the aerospace majors earn more than half their profits, seemed to be nearing the top of its present delivery cycle.

With the current outbreaks of peace, pressures on the military aircraft industry have intensified at a pace which has taken most companies in the sector by surprise.

Despite yesterday's efforts by both BAe and the Munich-based Tornado Panavia consortium to reassure the financial markets following the news that a Saudi order for 48 Tornados was now in doubt, the markets appeared unimpressed with BAe's shares falling by 11p to close at 534p against a rising market.

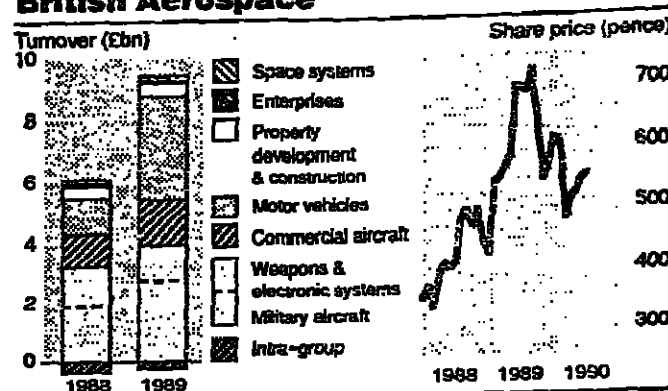
Whatever the outcome of the Saudi Tornado order, BAe is having to gear up for the restructuring of its military activities. It is not alone in this.

Other European and US defence contractors have been searching for new business opportunities to substitute for declining defence activity at the same time as stepping up efforts to forge international alliances and industrial partnerships.

In the short term, the uncertainties facing BAe's military side are not expected to have any significant impact on the group's financial performance. Most analysts expect further growth this year.

The issue is not so much financial as industrial and should also be viewed not

British Aerospace



merely as a specific BAe problem but as an industry-wide one.

Although BAe leads the Tornado programme with the West German MBB group, its industrial share of the programme is about 18 per cent. But a rundown of the 30-year and highly successful Tornado programme will have inevitable implications on BAe's military aircraft manufacturing operations, especially since it now looks increasingly unlikely that the European Fighter (EF) will nearly come to the table.

A government decision on whether to go ahead with the production phase is not expected before 1993. It is likely that new Tornado production will end in 1993.

BAe is expected to complete an initial internal review of its military activities this summer which is likely to lead eventually to a broad restructuring of these operations. One possibility would be to concentrate all military aircraft operations in Lancashire where 14,500 people are employed at three plants including Warton, Preston, and Sarnesbury.

At the same time, the company is expected to step up its search for new businesses in civil markets as well as intensify discussions on new international alliances with other major industrial groups.

BAe has already consolidated its guided weapons business with those of Thomson-CSF or France in Eurodynamics, it is cooperating in the European Airbus aircraft manufacturing consortium, and has recently reached a cooperation agreement with General Dynamics of the US to work initially on tanks but which

could stretch to other sectors. This could include military aircraft if the process of consolidation in defence industries continues at the current rapid pace.

Moreover, any restructuring in the European aerospace industry on the military side appears increasingly likely to include the US.

BAe is also interested in forging closer ties with the West German Daimler-Benz group and its Deutsche Aerospace subsidiary. Mr Jürgen Schrempf, the Deutsche Aerospace chairman, denied this week market speculation that the West German group was planning to buy a 5 per cent stake in BAe.

But he confirmed the two companies were discussing closer cooperation in the regional jet aircraft market which could eventually lead to the creation of a new European aircraft manufacturer like Airbus but for smaller jet aircraft in the 60-100 seat range.

The next few years are expected to see a rationalisation in both the military and civil sides of BAe's aerospace activities. The company has been preparing for some time for this rationalisation and the eventual downturn in the military side of operations. The Rover acquisition and the moves into other new sectors like construction and telecommunications were clearly designed to broaden the base of the group's operations.

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Yorkshire Water's £101m tops forecast

By William Hall

YORKSHIRE WATER, the fifth biggest of the recently privatised water companies, has beaten its profits forecast by a modest amount with the result that its pro-forma pre-tax profit has topped £100m.

Sir Gordon Jones, Yorkshire's chairman, says that the company has made a promising start in its first few months in the private sector.

He noted that last year had been a particularly challenging one for the company. In addition, to preparing for the stock market flotation in December 1989, Yorkshire experienced one of the worst droughts this century. The Yorkshire grid had to be deployed extensively to maintain supplies to customers during this period.

The group's turnover

increased by 15 per cent to £354.7m, in the year to end March 1990, and Sir Gordon says that investment on capital and infrastructure schemes rose by about a third. Against a pro-forma pre-tax profit forecast of £95m, Yorkshire reported a profit of £101.3m, and pro-forma earnings per share of 46.5p - 1.7p more than forecast.

At the end of March 1990, the company had fixed assets of £1.04bn, shareholders funds of £964.9m, and net cash of £25.6m.

Sir Gordon says that Yorkshire's prospects for the immediate future depend largely on improving the performance of the regulated water business.

Its goal is to obtain maximum productivity from its sub-

stantial investment programme while achieving its targets for improving the quality of drinking water, river water and bathing beaches in the Yorkshire region.

In common with other water companies, Yorkshire is anxious to diversify. Last month, for example, it set up a joint property development venture with Evans of Leeds to exploit some of its properties. "Our intention is to expand into other markets which are relevant to our existing assets, skills and experience," Sir Gordon says.

The company is proposing to pay its forecast dividend of 10.2p per share.

COMMENT

It is early days yet but York-

shire is developing a premium rating in the newly privatised water industry. It has not tried to attract attention by fiddling with its dividend, like Thames, or following Anglian's example by being the first to tap the debt markets. It will be another couple of years at least before it is possible to tell whether this reputation is deserved. But if its management is as professional as it sounds it should have no difficulty coping with its capital spending plans, the key to future financial success. Its diversification strategy is not going to frighten the City and its dividend this year could grow more than twice as fast as inflation, putting the shares on a prospective yield of 7 1/2 per cent.

Institutions fail to stop Diamond disposal

By Philip Coggan

INSTITUTIONAL disquiet failed to prevent the disposal of the Mechanical Breakdown Insurance Consultants subsidiary of Diamond Group Holdings, the USM group, in an extraordinary general meeting yesterday.

Postal, the pension fund of British Telecom employees, posed a series of questions to Mr Michael Housley, Diamond's chairman. The pension fund wanted a full explanation of the potential underwriting liabilities of the subsidiary

being sold and clarification of causes of the subsidiary's losses.

Mr Housley said that many of the questions would be answered in a circular to shareholders and ruled some queries about the 1989 prospectus out of order. Despite votes against from Postal and from Prudential Portfolio Managers the disposal was approved by 9.2m votes to 1.8m.

The disposal was floated on the USM in April 1989 but its shares were suspended in Octo-

ber the same year when it was revealed that MBIC had suffered substantial losses.

MBIC's systems for reporting claims and payments had fallen into arrears, Mr Housley said yesterday. The company had faced a substantial backlog of claims and there was "a real danger that underwriters would react by refusing to reimburse us."

Mr Housley said that meeting such claims would have placed an unbearable strain on the group's resources. However, the underwriters did agree to make reimbursements on condition that MBIC was taken over by LPH, the specialist Lloyd's broker. The meeting was called in order to approve the sale to LPH, which had been operating the business

since last October.

However, the letter calling the EGM had not been sent to the Stock Exchange for approval. The company said this was because the absence of audited financial information on the company for a period after December 31 1988 meant that a letter would not be approved by the Exchange.

The Stock Exchange said it was examining the situation and considering whether Diamond was suitable for quotation. Postal said it had attempted to speak to the Stock Exchange about the issue but had received no help. Mr Housley said that the board had set a deadline for circulating the full report and accounts by August 31.

See Lex

Blackwood Hodge sounds profit warning

By John Thornhill

Blackwood Hodge, the distributor of earth-moving equipment, warned yesterday that profits for the first six months of 1990 would be significantly lower than those for the previous year.

The directors said that high borrowing and interest rates and sluggish trading conditions would cut profits back from £6.0m in the six months to June 30 last year.

The company also announced that it was closing its Northampton depot with a loss of 230 jobs.

The move represents part of a fundamental review of its UK operations designed to reduce borrowings.

The company will now sell the depot's 20-acre site which it claims has a current market value of £7m.

Blackwood's shares yesterday slid 1 1/2p to 42p.

Tootal feels impact of weaker markets

By Maggie Urry

Mr John Craven, chairman of Tootal, told shareholders at the annual meeting yesterday that "in the first four months of the current year we have continued to feel the impact of weakening markets in the UK affecting certain of our businesses."

The textile group is pursuing an independent future after failing to agree terms to merge with Coats Vytella last year.

He said further tightening of costs and capacity would be needed. The shares rose 1p to close at 83p.

He said, however, that the business supplying clothing to Marks and Spencer, the leading UK retailer, was performing ahead of budget. But sales of material for protective clothing had suffered from declining purchases by the Ministry of Defence.

Good aerospace result helps Dowty rise to £85m

By David Owen in London and Robert Gibbens in Montreal

DOWTY GROUP, the Cheltenham-based engineering and electronics company, yesterday unveiled a lacklustre 8 per cent profit advance for the year to March 31.

The group leavened this news with the announcement of a £45m investment in a new large landing gear facility in Canada and a prospective acquisition in Denmark. The shares climbed 3p to 223p.

All told, pre-tax profits edged ahead to £85.4m compared with £79.1m last year. Turnover was up by 7 per cent at £730.6m (£684.1m), with turnover on continuing businesses climbing by 22 per cent.

Increases in the number of shares outstanding as a result of three small acquisitions meant that earnings per share growth was virtually static at 21.3p (21.0p). A final dividend of 5.5p (4.8p) was recommended, making a total of 9p (8p).

The group, which has been substantially restructured in the past two years with the

disposal for cash of both the mining equipment and industrial hydraulics businesses, made significant headway in trimming debt, with net borrowing falling to £44.4m (£52.2m).

This gave a gearing ratio to balance sheet equity of 16 per cent (36 per cent). Interest - at £3.2m - was covered ten times by operating profit.

The aerospace division was the most significant contributor to both turnover and pre-tax profit, despite being affected by strikes both in-house and at two major customers. Pre-tax profit amounted to £46.2m on turnover of £289.1m. The group attributed growth to civil programmes. "The defence content of our business has been progressively reduced in recent years and will continue to fall," Lord Harrowby, chairman, said.

Other divisional contributions were as follows: information technology - profit of £21.7m on turnover of £186.5m;

electronic systems - £10.6m on £165m; polymer engineering - £13.5m on £91.2m.

The proposed Canadian plant will employ 350 and is aimed at winning a major contract for the new Boeing 777 airliner, according to 777 Dowty executive. It will start production of landing gear for the Airbus 330 and 340 and for Lockheed in the US late next year.

The Canadian and Quebec governments are making \$30m available for the project in interest-free loans repayable from 2004 to 2016 from a one per cent royalty on sales.

Dowty, in Canada since 1979, has a plant in Toronto making landing gear for the Boeing Dash 8 commuter aircraft and the Canadian Challenger and Regional Jet.

The group has also offered to acquire Datac, a privately-owned Danish local area network specialist, for a maximum of DKK400m (£36.3m). See Lex

Norfolk House £60m expansion

By Nikki Tait

NORFOLK HOUSE, the fast-expanding petrol retailer and sales promotion group, yesterday announced a recommended £59.7m cash-and-shares offer for Frost Group.

The terms of the bid are one Norfolk House share and 200p in cash for each Frost share. Yesterday, Norfolk House shares eased 3p to 218p, while Frost jumped sharply from 385p to 410p.

Norfolk said that it had thought of merging the business with those of Thomson-CSF or France in Eurodynamics, it is cooperating in the European Airbus aircraft manufacturing consortium, and has recently reached a cooperation agreement with General Dynamics of the US to work initially on tanks but which

could stretch to other sectors. This could include military aircraft if the process of consolidation in defence industries continues at the current rapid pace.

Moreover, any restructuring in the European aerospace industry on the military side appears increasingly likely to include the US.

BAe is also interested in forging closer ties with the West German Daimler-Benz group and its Deutsche Aerospace subsidiary. Mr Jürgen Schrempf, the Deutsche Aerospace chairman, denied this week market speculation that the West German group was planning to buy a 5 per cent stake in BAe.

But he confirmed the two companies were discussing closer cooperation in the regional jet aircraft market which could eventually lead to the creation of a new European aircraft manufacturer like Airbus but for smaller jet aircraft in the 60-100 seat range.

The next few years are expected to see a rationalisation in both the military and civil sides of BAe's aerospace activities. The company has been preparing for some time for this rationalisation and the eventual downturn in the military side of operations. The Rover acquisition and the moves into other new sectors like construction and telecommunications were clearly designed to broaden the base of the group's operations.

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INTERNATIONAL COMPANIES AND FINANCE

Fiat warns of slow growth due to slackening markets

By John Wyles in Turin

FIAT, the Italian motor group, yesterday warned that profits growth would slow this year because of slackening markets, a strong lira and growing price competition in automotive markets.

Mr Luigi Arnaudo, Fiat's manager for development, control and international activities, said the group's gross profit margin looked set to fall this year by more than 1 percentage point from last year's record 9.3 per cent margin.

With the group forecasting total sales of around L60,000bn (\$39bn) this year, compared with L52,019bn in 1989, this would suggest that pre-tax

profits will not stray far from last year's L4,800bn.

Net consolidated income before minority interests last year was L3,306bn, slightly less than 10 per cent above consolidated net profits in 1988.

Speaking in the margins of Fiat's annual shareholders' meeting, Mr Arnaudo said that this year's results would reflect the impact on the core automotive business both of growing price competition and slackening truck and passenger car markets in the UK and Spain.

The incorporation of the group's controlling stakes in the retailing chain, Rinascente, and in the Toro insurance com-

pany, would also affect profitability because both insurance and retailing suffered a lower rate of return on sales, said Mr Arnaudo.

He added that the lira's current strength was hurting Fiat's ability to compete in the German market. Group sales in the first four months have risen from L17,307bn last year (excluding Toro and Rinascente) to L18,287bn and L19,934bn, including the retailing and insurance activities.

Consolidation of these companies has carried the group's financial position at the end of last year from L2,121bn to L3,306bn.

Apple alters strategy on software subsidiary

By Louise Kehoe in San Francisco

IN A significant strategy reversal, Apple Computer has shelved plans to spin off its software subsidiary, Claris.

Instead of a public stock offering, Apple will make Claris a wholly owned subsidiary by acquiring the company's shares from Claris employees.

Terms of the stock purchase were not disclosed. The move appears to be a defensive action as Apple attempts to maintain the competitive advantage provided by its proprietary software.

"Software will increasingly become the factor which shapes competitive advantage in the 1990's," said John Sculley, Apple's chairman.

"Apple's goal is to significantly increase our unit growth."

Apple is facing increasing competition in the personal computer market as the unique graphical "look and feel" of its Macintosh personal computer is widely imitated on other computers. Microsoft's recent introduction of Windows 3.0, a graphical user interface, makes IBM-compatible personal computers look much like a Macintosh.

Claris, which develops and markets popular applications software, has operated as a majority owned subsidiary of the company since 1987. The company was widely expected to expand its efforts to develop applications for IBM-compatible computers running Windows when it became independent.

As well as developing and marketing Macintosh applications, Claris will offer software development tools to third-party software developers, Apple said.

MIM in German deal

MIM Holdings, the Australian base and precious metals producer, has agreed to acquire its ties with Metallgesellschaft, the German metals group through a deal believed to be worth around A\$70m (\$55m), writes Bruce Jacques.

MIM has agreed to buy a 10 per cent stake in Metallgesellschaft AG, a German metals recycling company in which Metallgesellschaft already controls 69 per cent.

MIM director, Mr Norman Russell, said the venture extended MIM's association with Metallgesellschaft.

BHP posts record A\$1.1bn profits

By Bruce Jacques in Sydney

STRONG contributions from minerals and petroleum operations helped BHP, Australia's largest industrial group, to a widely forecast record net profit of A\$1.1bn (US\$663m) in the year to May 1990.

The result was an increase of 6.4 per cent on restated earnings of \$1.04bn for 1988-89 and was achieved on a 26.6 per cent increase in turnover from A\$1.1bn to A\$1.405bn.

It reflected a strong final quarter which earned A\$317.7m, or more than 26 per cent of total full-year profits, in

spite of the subdued form of the steel division, BHP's profits were boosted by previous years.

Steel earnings slipped from A\$566.3m to A\$560.3m with directors citing difficult operating conditions at steel plants, especially following the Newcastle, New South Wales, earthquake late last year.

The minerals division emerged as the star of the year, lifting earnings by 48.5 per cent to A\$530.5m. The comparison was improved by a write-down of BHP Gold's assets in the previous year.

The petroleum division also

performed strongly, lifting its earnings contribution by 32 per cent to A\$385.7m, mainly reflecting a more favourable exchange rate and acquisition of Pacific Resources in the US.

The overall result was held back by a big increase in inter-branch charges, which rose 29 per cent to A\$100.5m while depreciation allowances jumped 21 per cent to A\$1.1bn.

The company's tax bill rose 11 per cent to A\$379.9m. BHP has already announced a 9 per cent increase in annual dividend to 36.5 cents a share.

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Matsushita Electrical set to make first foreign acquisition

By Stefan Wagstyl in Tokyo

MATSUSHITA Electric Industrial, the Japanese electronics combine, is to make its first foreign acquisition, with the purchase of a 25.1 per cent stake in Loewe Opta, a West German consumer electronics maker.

Matsushita's main interest in the German company is in its technology for digital electronics, including knowledge useful for the development of high-definition television, which many companies feel could be the next bonanza in consumer electronics marketing gets underway, probably in the mid-1990s.

"Matsushita would like to

form an industrial partnership with the German company involving the joint development of digital TV and other areas of colour TV production," said Mr Tadakazu Yamamoto, a Matsushita managing director.

Dr Rainer Hecker, the Loewe chairman, said Matsushita would help the company develop new products quickly and economically. Loewe is one of Germany's largest consumer electronics companies with sales last year of DM300m (\$179m). But with colour television output of 200,000 sets a year, it is not a world leader in standards. Matsushita makes

500,000 colour sets a month.

The acquisition will also broaden Matsushita's European manufacturing base. The company has only one television factory in Europe, in Wales, but it does have 15 other manufacturing plants in Europe producing a wide range of consumer and office equipment. The company's target is to have half its production overseas by 1993. Loewe employs 1,500, mainly at its factory in Bavaria. The company is privately owned by shareholders who include Loewe managers as well as BMW, the German motor group.

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Qantas blames losses on fleet expansion and pilots dispute

By Paul Betts, Aerospace Correspondent

QANTAS, the Australian state airline, is heading for a loss this year after record profits in 1989. Mr William Dix, the chairman, said in London yesterday.

The expected loss for the year ending June 1990, reflects the negative impact on tourist traffic of last year's Australian domestic pilots' dispute, said Mr Dix.

Qantas posted net earnings of A\$176.8m (\$138m) last year.

The disruption to tourist traffic coincided with a big increase in Qantas fleet capacity, with the entry into service of new Boeing 747-400 jumbos and Boeing 767 twin-engine air-

liners, Mr Dix said.

Total expenditure for the extra 747-400s and 767s was some US\$750m in the last financial year. The airline has an important fleet expansion programme involving about A\$50m over five years, Mr Dix said.

The airline also faced higher fuel costs during the first half of the financial year, although prices had since subsided.

The airline and the Australian Government are investing in a campaign to promote Australian tourism. The airline is also seeking to capitalise on the strong growth prospects for

air transport in the Asia-Pacific region.

To compete successfully in the highly competitive long-distance Asia-Pacific airline market, Qantas is building up flight frequencies with a fleet of modern aircraft. The airline will be shortly increasing its flight frequency between the UK and Australia to 14 a week following recent UK-Australian bilateral government negotiations.

Further talks between the two countries are expected to take place next October, with Qantas seeking rights to fly the Hong Kong-London route.

Campeau slides deeper into the red

By Bernard Simon in Toronto

BURDENED by its disastrous foray into US retailing, Campeau Corporation, the Toronto real estate group, suffered another heavy quarterly loss.

Net losses totalled US\$50m, or \$1.87 a share, in the three months to April 1990, against a loss of \$67m, or \$1.65 a share, a year earlier. Campeau lost \$1.74bn in its 1989-90 year, the second biggest loss in Canadian corporate history.

The latest figure excludes \$78m in interest on unsecured debt and preferred dividends due from Allied Stores and Federated Department Stores, two group US retailing units which filed for protection from creditors earlier this year.

Although financing charges on debt incurred in the acquisition of Allied and Federated dropped to \$236m from \$281m, a number of other items related to the acquisitions contributed to the higher loss.

The cost of reorganisation stemming from the Chapter 11 filing came to \$21m. At the same time, store revenues, virtually unchanged from the previous year, were hit by uncertainty caused by the filing.

Total Campeau revenues edged up slightly to \$2.26bn from \$2.25bn, with an 8.4 per cent increase in sales. The California supermarket chain and Campeau's only US subsidiary not in Chapter 11.

Campeau hopes to stay afloat by disposing of much of its real estate assets, and by asking key employees to repay-ment concessions. The company has already defaulted on some of its debt obligations.

Haulier seeks listing

KONTENA Nasional, Malaysia's largest container haulage group, plans to list its shares on the Kuala Lumpur Stock Exchange next year.

Kontena is 86 per cent owned by the state-run Permodalan Nasional.

Polaroid and Minolta link for sales deal

POLAROID and Minolta are to explore avenues for long-term collaboration with, as a first step, the Japanese group selling under its own brand name Polaroid's to the line instant camera, writes Roderick Oram.

The agreement marks Polaroid's first link with a leading manufacturer of 35mm cameras, the popularity of which has seriously undermined sales of Polaroid's instant cameras over the past 12 years.

Analysts were divided on the significance of the pact.

It will certainly lead to higher sales of Polaroid instant cameras as the camera is aimed at serious amateurs and business.

Some suggested, however, that Polaroid's willingness to make a camera to be sold under a rival's name would diminish the power of Polaroid's famous brand name.

Rover sells Santana stake

By John Griffiths

ROVER Group has sold its remaining 23 per cent stake in Land Rover Santana, the stock market listed Spanish vehicle group in which Suzuki of Japan is exerting increasing influence.

Suzuki, one of Japan's smaller vehicle producers and a specialist of light four-wheel drive vehicles, already has a 32 per cent stake in the Spanish concern. It supplanted Rover as the largest single shareholder.

Rover said yesterday the Land Rover Santana shares had been placed with "several institutional investors" for around \$2m (\$13.5m). It is understood that at least part of the shareholding is in Japanese hands.

Evidence of Suzuki's increasing sway within Land Rover Santana emerged recently when two Suzuki directors were appointed to its board and a decision made to change

the company name to Santana.

Santana's production now consists overwhelmingly of Suzuki SJ and Vitara light four-wheel drive vehicles. Its output of vehicles based on the Series III Land Rover which Land Rover stopped making in 1983 - has dwindled to a relatively handful a year.

Santana produced around 25,000 units of the Japanese-based vehicles last year, and has installed capacity of around 40,000 units a year.

The unanswered question concerns Santana's possible role in relation to Suzuki's long-term ambitions to establish itself as a car manufacturer in Europe.

Mr Osamu Suzuki, Suzuki's president, has said Suzuki is "strongly interested" in setting up a plant to produce "at least 120,000 cars a year" in Europe. Earlier this year it announced a joint venture to produce its Cultus small car in Hungary.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week ago	Year ago	High 1990	Low 1990
Gold per troy oz.	\$352.75	+4.00	\$363.50	\$420.25	\$345.75
Silver per troy oz.	\$27.60	-1.00	\$27.80	\$32.50	\$25.80
Aluminium 50 lbs (cash)	\$155.5	+4.5	\$154.5	\$158.0	\$153.0
Copper Grade A (cash)	\$153.4	+5.2	\$147.1	\$174.75	\$130.50
Lead (cash)	\$22.5	+0.20	\$22.3	\$23.0	\$21.5
Nickel (cash)	\$67.25	+0.25	\$67.0	\$68.0	\$66.0
Zinc SHG (cash)	\$175.5	+38.5	\$135.0	\$188.0	\$125.0
Tin (cash)	\$255.5	-2.00	\$255.0	\$270.0	\$240.0
Coconut Futures (Sep)	\$17.75	+1.5	\$16.00	\$17.00	\$15.00
Coffee Futures (Sep)	\$5.67	-1.3	\$10.90	\$7.57	\$5.57
Sugar (LDP Raw)	\$313.5	+2.1	\$315.0	\$348.4	\$306.50
Barley Futures (Nov)	\$115.10	+1.15	\$116.10	\$118.45	\$113.45
Wheat Futures (Sep)	\$112.25	+2.0	\$106.00	\$123.45	\$111.00
Cotton Outlook A Index	\$1.05c	+2	\$1.04c	\$1.05c	\$1.03c
Wool (44s Super)	\$48.00	+1.35	\$47.50	\$48.00	\$46.00
Oil (Brent Index)	\$16.30c	+1.75	\$16.35c	\$21.97c	\$15.57c

London Markets

SPOT MARKETS	Latest prices	Change on week ago
Crude oil (per barrel FOB)	\$13.80-13.90	+0.20
Crude oil (per barrel CIF)	\$14.20-14.30	+0.20
WTI (1 pm est)	\$13.23-13.25	+0.00
Oil products (NINE month delivery per tonne CIF)		
Premium Gasoline	\$252.22	+1.12
Gas Oil	\$146.14	+1.12
Heavy Fuel Oil	\$62.64	+2.12
Naphtha	\$143.14	+1.12
Petroleum Argus Estimates		
Other		
Gold (per troy oz)	\$352.75	+4.00
Silver (per troy oz)	\$27.60	-1.00
Platinum (per troy oz)	\$425.00	+3.00
Palladium (per troy oz)	\$214.25	+1.25
Aluminium (per tonne)	\$155.50	+4.50
Copper (US Producer)	\$153.40	+5.20
Lead (US Producer)	\$22.50	+0.20
Tin (Kuala Lumpur market)	\$255.50	+2.00
Tin (New York)	\$255.50	+2.00
Zinc (US Prime Western)	\$175.50	+38.50

Other		+ or -	Turnover	Feb1111 (1559)lots of 60 tonnes.
Silver (per troy oz)	352.75	+5.00	White 1905 (2854)	
Gold (per troy oz)	425.00	+3.20	Dark-White (per lot) Aug 2151, Oct 2111	
Platinum (per troy oz)	214.25	+1.25	Dec 1969, Mar 1970, May 1955	
Aluminium (free market)	155.50	+10		
Copper (US Producer)	153.40	+5.20		
Lead (US Producer)	40c			
Nickel (free market)	405c	+5		
Tin (Kuala Lumpur market)	255.50	+2.00		
Tin (New York)	279c	-8		
Zinc (US Prime Western)	87.5c			
Cattle (live weight)	1.40	+0.16*		
Sheep (live weight)	1.00	+1.48*		
Pigs (live weight)	0.71p	-10.7*		
London daily sugar raw	5313.5s	+4.9		
London daily sugar (white)	5400.3s	+3.5		
Tin (English lead)	114.5s	+2.0		
Barley (English lead)	2114.5s			
Mazda (US No. 3 yellow)	115s			
Wheat (US Dark Northern)	112s			
Rubber (Aug)	64.50s	+2.5		
Rubber (Sep)	55.00s			
Rubber (Oct)	55.00s	+0.5		
Rubber (Nov)	55.00s			
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Rubber (Aug)	55.00s			
Rubber (Sep)	55.00s			
Rubber (Oct)	55.00s			
Rubber (Nov)	55.00s			
Rubber (Dec)	55.00s			
Rubber (Jan)</				

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen firm on rate speculation

THE JAPANESE yen advanced yesterday as higher money market rates continued to fuel speculation that the official discount rate could be raised next week. The D-Mark was broadly steady before German monetary union tomorrow, while sterling was underpinned by hopes of an early full entry into the European Monetary System.

Rise in Japanese money market rates was once again behind talk that official interest rates could be increased next week. Call money rates jumped to 7 1/4 per cent from 7 1/8 per cent on Thursday. "Higher money market rates are now seen as a harbinger of a rise in the official discount rate," said Mr George Magnus of Warburg Securities. Talk that a leading Japanese bank had told its clients it expected rates to rise next week also encouraged the yen's advance.

In addition, Japan's pledge to increase public spending as part of the Structural Imp-

lements Initiative, increased the pressure in the money markets for higher rates. Aside from the rate speculation, several large Japanese financial institutions sold D-Marks for yen in order to cover short positions before German monetary union. The D-Mark closed at ¥91.38 from ¥91.67.

The yen has now risen over 1 per cent from its lows of mid-week against the D-Mark. Many analysts said they expected Japanese money market rates to remain firm next week but believed the yen could weaken if the Bank of Japan leaves official interest rates unchanged.

The D-Mark was broadly steady with most traders reluctant to take fresh positions ahead of monetary union. Calculating the possible effects of monetary union on the D-Mark has proved too much for the market and most traders have been content to run neutral positions.

President George Bush's

remarks earlier in the week that taxes could be raised continued to keep the US dollar on the defensive. However, an early cut in interest rates seems unlikely. The policy setting Federal Open Market Committee meets next week and is not expected by analysts to lower interest rates until firm proposals for cutting the budget deficit are made. The dollar closed lower at DM1.6655 from DM1.6680; at ¥152.25 from ¥153.20; at FF5.5850 from FF5.6025, but it weakened to SF1.4150 from SF1.4130.

Sterling followed the pattern of recent weeks by advancing on talk that it was about to join the exchange rate mechanism of the EMS at the week-end. But analysts said an immediate entry into the ERM was unlikely. Sterling closed at DM2.9050 from DM2.9025; at \$1.7445 from \$1.7395; at FF9.7600 from FF9.7450; and at SF72.4700 from SF72.4575. Sterling's index closed 0.1 point higher at 91.4.

£ IN NEW YORK

	June 29	June 29	Previous
1st month	1.7440-1.7470	1.7390-1.7390	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

	June 29	June 29	Previous
8.30 am	91.5	91.1	
9.00 am	91.5	91.0	
10.00 am	91.5	91.0	
11.00 am	91.5	91.0	
12.00 pm	91.5	91.0	
1.00 pm	91.5	91.0	
2.00 pm	91.5	91.0	
3.00 pm	91.5	91.0	
4.00 pm	91.4	91.3	

CURRENCY RATES

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

Forward premiums and discounts apply to the US dollar.

CURRENCY MOVEMENTS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

Forward premiums and discounts apply to the US dollar.

OTHER CURRENCIES

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

Forward premiums and discounts apply to the US dollar.

FORWARD RATES

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

London rates steady

UK short-dated rates were steady yesterday as the Bank of England provided sufficient liquidity to offset a large money market shortage. The key three-month interbank rate was unchanged at 14 1/4 per cent.

Sterling's strength also prevented rates from rising but in the futures market the firmer pound gave prices a boost and September sterling added 11 points at 85.32.

The Bank forecast a shortage of £2.1bn, which was larger than many market participants

had expected. Money dealers said the shortage had been boosted by end of the month technical factors. Initially, rates moved higher and three months money reached 15 per cent. However, the Bank quickly injected liquidity, and rates eased back to the previous day's levels. A total of £1.892bn of bills was purchased, compared with a final forecast shortage of £1.5bn.

The Bank bought £381m of bills in early operations. In band 1 at 14 1/4 per cent, the bank bought £50m of Treasury bills and £50m of bank bills. In band 2 it bought £121m of bank

bills at 14 1/4 per cent and £210m for resale to the market in equal amounts on July 9, 10, 11 at 14 1/4. Later in the morning the shortage was revised down to £200m and it bought a further £270m of bills at unchanged rates. In band 1 it purchased £15m of Treasury bills, £14m of local authority bills, and £14m of bank bills. In band 2 it purchased £18m of Treasury bills and £36m of bank bills. It also purchased £276m for resale to the market in equal amounts on July 9, 10, 11 at 14 1/4 per cent.

During the afternoon the forecast was revised to £1.5bn and the Bank bought £733m of bills, with rates again unchanged. In band 1 it bought £7m of Treasury bills, and in £540m of bank bills, and in £276m of bank bills. Finally, late assistance of £75m was provided.

In Frankfurt call money rates were unchanged at 7.5-8.05 per cent as liquidity remained in short supply for end of the month requirements. The Bundesbank has kept credit in short supply to prevent any rise in liquidity resulting from monetary union.

In New York the Federal Reserve added \$30m of liquidity to the banking system using the weekend customer repurchase agreements. At the time of the operations, Federal Funds were unchanged at 8 1/4 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFTS LONG CITY FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG LONDON FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG NEW YORK FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG PARIS FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG ROME FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG TOKYO FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG ZURICH FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG BERN FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG BRISBANE FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG SYDNEY FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG AUCKLAND FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG WELLINGTON FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG DUNEDIN FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG CHRISTCHURCH FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG NELSON FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG AUCKLAND FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG SYDNEY FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG AUCKLAND FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG SYDNEY FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG AUCKLAND FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG SYDNEY FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG AUCKLAND FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG SYDNEY FUTURES OPTIONS

	June 29	June 29	Previous
US Dollar	1.7440-1.7470	1.7390-1.7390	
1st month	0.97-0.98	0.96-0.96	
3 months	0.97-0.98	0.96-0.96	
6 months	0.97-0.98	0.96-0.96	
12 months	0.97-0.98	0.96-0.96	

LIFTS LONG AUCKLAND FUTURES OPTIONS

Government Securities
Advance and other Accounts
Premises Equipment & other Secs
Notes
Coin

ISSUE DEPARTMENT	
LIABILITIES	
Notes in circulation
Notes in Banking Department

LONDON STOCK EXCHANGE

Troubled session as futures expire

EXPIRY DAY in the futures markets caused a period of wild excitement in UK equities yesterday, closely followed by a crash of complaints to the International Stock Exchange of "trading difficulties" following a clash of trading strategies between two leading securities firms.

The FT-SE Index gained nearly 30 points during the 20 minute period of the futures expiry, but share prices fluctuated as a leading UK house sold Footsie stocks to balance commitments in the Footsie future while a US house was signalling itself as a buyer. The confusion was reflected in

Account Dealing Dates			
First Dealing	Jun 11	Jun 26	Jul 9
Options Dealing	Jun 21	Jul 6	Jul 18
Last Dealing	Jun 22	Jul 6	Jul 20
Account Day	Jul 2	Jul 10	Jul 30

When share dealings may take place from 9.30 am two business days earlier.

backwardations on about one third of the Footsie list - when the trading screens showed that stock could be bought from one marketmaker below the price quoted by his rivals.

Many dealers abandoned trading until the futures expiry was completed at 11.30am, but

even as price quotations moved back into line, there were further complaints that the US house was tardy in answering the telephone.

"We have had a number of complaints of dealing difficulties and we are looking into them," said a spokesman for the International Stock Exchange.

Once the futures excitement was over, the Footsie Index came off the top and the market settled down to a nervous but less eventful second half to the trading session. This week-end marks the half-way mark in the investment year, and fund managers were unwilling to open new positions until

next week.

The final reading for the week showed the FT-SE Index at 2,374.8, a gain of 18.9 on the day. The market has moved erratically this week, ending with a loss of 3.9 Footsie points since the previous Friday. Confidence has been challenged by a spate of downgrades of corporate profits by leading securities houses. Market strategists continued to show recommendation caution towards equities yesterday. S.G. Warburg pointed out that company profits are feeling pain, and doubts if base rates can be cut this side of the New Year. County NatWest believes gilts and equities are vulnerable in

the short term.

Sea trading volume, swollen by the futures-inspired activity in the market leaders, rose to 461.9m shares from Thursday's 448.1m. Stock Exchange statistics for the week show that retail business in equities has fallen back to well below the 12m mark again, after moving above that level in the previous account.

Firmness in sterling helped UK Government bonds to close with minor gains, after rallying from weakness at mid-session. Dealers said that turnover in gilts was moderate, and the market showed no signs of nervousness ahead of German monetary union this weekend.

FINANCIAL TIMES STOCK INDICES

	June 29	June 28	June 27	June 26	June 25	Year Ago	High 1933	Low	Since Completion
									Low
Government Gas	79.97	79.89	80.02	80.37	80.35	85.01	84.20 (12/1)	74.13 (10/1)	127.4 (10/15)
Fixed Interest	86.22	86.19	86.42	86.41	86.94	96.27	90.81 (8/1)	83.60 (10/1)	105.4 (13/17)
Ordinary Share	1699.9	1907.8	1902.6	1928.6	1828.4	1784.5	1564.3 (3/1)	1653.6 (16/4)	2006.6 (5/6/8)
Gold Mines	176.8	176.1	174.5	174.2	173.9	196.4	378.5 (15/2)	167.9 (10/1)	734.7 (15/10/11)
FT-SEE 100 Share	2374.6	2355.7	2373.5	2399.8	2398.5	2151.0	2463.7 (2/1)	2103.4 (10/1)	2463.7 (2/10/11)
Earning Div. Yield	4.87	4.91	4.87	4.81	4.80	4.50	8.00	10.00	10.00
Ord. Div. Yield (Full)	10.75	10.83	10.75	10.81	10.50	10.57	10.00	10.00	10.00

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 877-326-2123.

	Left Charge	Cash Price	Bid Price	Offer + % Price	Yield Cost
Brown Shipley & Co Ltd—Contd.					
North American	62.63	62.63	66.70	+9.14	68.28
Orient	61.18	61.18	118.34	+17.1	120.20
Recovery	63.79	63.79	126.64	+19.7	130.02
Smaller Cos. Acc.	248.6	248.6	264.8	+1.16	266.0
Smaller Cos. Inc.	152.2	152.2	162.1	+6.70	168.9

[illegible][illegible]

<p>Abney Life Assurance Co Ltd 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 90</p>

Continued on next page

Medicine

[illegible]

11 0	Manila Fund (Cayman) Ltd	
15 6	Manila Fd NAV June 27	58 35
-	Meridian Funds	

[illegible]

PFC-ICC & B	510 15	10 00
PFC Cap Global P fctns	510 13	
PRS International		

[illegible]

Financial "A" S...	511.38
Schroder Investment Management	
Cap U.S. Equity June 28...	58.24
Management Co. Credit Suisse	51.11

[illegible]

-	S&P Overline Inc.	105 71
-	Sovereign Portfolio Management	
-	Currency & Gold	\$116.05
-	Int'l Futures Pool	\$132.00

[illegible]

TYND	Tyndall SVI Futures Ltd			
NAV	NAV June 27	1	\$3486.92	1 +
TYND	Tyndall International (Bermuda) L			

[illegible]

Money Market Bank Accounts

	Grds	Net	Gr Logn	Int C
Aitken Home Bank plc				
10 City Rd, EC1Y 2JY			071-639-6070	0770
Telecom Acc	13 50	10 53	14 60	1070
Wholesale 200-1499	14 50	12 53	15 73	1070
Wholesale 150-1499	15 50	13 53	16 73	1070
Wholesale 100-1499	16 50	14 53	17 73	1070
Wholesale 50-1499	17 50	15 53	18 73	1070
Allied Trust Bank Ltd				
97-101 Cannon St, London EC4N 6AD			071-669-8802	
08464-1001-1	14 78	11 53	16 70	1070
08464-1001-2	15 78	12 53	17 70	1070
08464-1001-3	16 78	13 53	18 70	1070
08464-1001-4	17 78	14 53	19 70	1070
American Express Bank Ltd				
c/o American Express Financial Services Limited				
30 The Martlets, Burgh Road				
West Sussex GU2 7WY 0434 670088				
Black Devonshire Cement Works				

CitiBank Savings				
Money Market Plus	11.00	8.50	11.75	13th
12.00-12.49	11.50	9.00	12.51	16th
12.50-12.99				
Clydebank Bank PLC				
12.00-12.49	12.0	9.50	12.15	13th
12.50-12.99	12.2	10.0	12.4	14th
13.00-13.49	12.4	10.5	12.7	15th
13.50-13.99	12.6	11.0	13.0	16th
Co-operative Bank Top Tier				
78-80 Cornhill EC3				0300 616162
12.00-12.49	10.7	8.0	10.9	13th
12.50-12.99	11.0	8.5	11.2	14th
13.00-13.49	11.3	9.0	11.5	15th
13.50-13.99	11.6	9.5	11.8	16th

[illegible][illegible]

Wibaux plc High Interest Cheque					
£100-£999,999	10.75	10.82	10.83	Yearly	
£1,000-£9,999	11.00	9.25	12.33	Yearly	
£10,000-£99,999	11.00	9.50	12.67	Yearly	
£100,000-£499,999	11.00	10.80	13.33	Yearly	
£500,000+	12.75	10.50	14.00	Yearly	
Humberidge Finance Group					
Chatter C. Winchester Rd Basingstoke		0.25%	0.18%		
£50,000+	15.00	11.70	16.30	Yearly	
Lloyds Bank - Investment Account					
71 Lombard St, London EC3A 3BS		21.7	31.25	36.43	
£10,000+	14.10	11.3	15.1	Yearly	
£50,000+	13.9	9.5	14.0	Yearly	
£100,000+	13.9	9.5	14.0	Yearly	
Below £50,000	13.9	9.5	14.0	Yearly	
M & G Kleinwort Benson					
10 Abchurch Lane London EC4N 3DF		0.245	0.54		

H I C A (12,500)*	13.25	10.35	14.47	Baily
Midland Bank plc				
PO Bds 2 Shelford			0742	528655
When on Cdn Acc.	12.18	9.50	11.13	Qtr
When on Cdn Acc.	13.12	10.00	11.13	Qtr
520,000*	13.40	10.50	14.56	Qtr
Promt Savs up to 5000...	13.40	10.50	15.07	B-4m
Leasure Acc 110,000	14.74	11.50	15.77	B-4m
Investment Special				
41 plunkton, ECP 20P	12.25	10.00	071.375	3374
625,000 2000 sub 2000	13.25	10.00	13.84	Qtr
110,000 on 124,999	12.75	9.625	13.30	Qtr
110,000 on 124,999	12.75	9.625	13.30	Qtr
5200-11,999	11.75	9.00	12.41	Qtr
Provincial Bank PLC				
30 Ashley Rd All-Inchom Overhire			061-928	90111
H I C A (12,000)*	11.425	11.02	15.45	11m

Royal Bank of Scotland plc Premium Rate		Sterling Bank Ltd Premium Rate		
£50,000-£99,999	13.58	16.90	071-229 5650	
£100,000-£499,999	15.79	10.75	14.42	Gu
£500,000-£999,999	15.79	10.75	14.42	Gu
£1,000,000-£2,999,999	13.50	10.60	13.71	Gu
£3,000,000-£9,999,999	13.50	9.75	13.49	Gu
Savoy & Propper/Royal Bank				
28 Western Rd Romford RM1 3LB		0708	756 9666	
N18 A	13.25	10.34	14 521 Dolly	
Sterling Bank & Trust Ltd				
Abbey Court, 6 Abbey St, Reading RG1 3BA		0734	925243	
H1DA 1E 500P	13.70	10.61	14 631 B Dolly	
TSB Bank plc (England & Wales)				
100 Lower Thames St, London EC3R 6AF		071-623	6000	
£50,000-£99,999	7.00	5.50	7.33	Yearly
£100,000-£499,999	9.50	5.50	10.00	Yearly
£500,000-£999,999	11.50	4.00	12.00	Yearly
£1,000,000-£9,999,999	11.50	4.00	12.00	Yearly

£100,000-124,999	11.75	9.50	12.50	Yearly
£125,000 and above	11.25	9.00	12.00	Yearly
Tyndall & Co Ltd				
24-33 Princess Victoria St, Bristol				0272 744720
Demand Acc	13.75	10.75	14.95	Qtr
MAHA	13.75	10.75	14.95	Qtr
WHA £100,000+	13.00	10.92	13.22	Qtr
WHA £100,000+	13.37	10.43	14.46	Qtr
J. Henry Schroder Wegg & Co				
170 Cheapside, London EC2N 4DQ				010 382 4000
Spec. Int. Acc.	14.00	10.50	15.50	Qtr
£10,000 and above	14.25	11.125	15.60	Min
Western Trust High Interest Cheque Acc				
The Moneycentre, Pymouth PL1 2SE				0752 234141
£25,000	14.50	11.31	15.75	Qtr
£25,000-44,999	14.50	10.92	15.37	Qtr
£45,000-64,999	14.50	10.92	15.17	Qtr
£65,000-84,999	14.50	10.92	15.17	Qtr
£85,000-104,999	14.50	10.92	15.17	Qtr
£105,000-124,999	14.50	10.92	15.17	Qtr
£125,000-144,999	14.50	10.92	15.17	Qtr
£145,000-164,999	14.50	10.92	15.17	Qtr
£165,000-184,999	14.50	10.92	15.17	Qtr
£185,000-204,999	14.50	10.92	15.17	Qtr
£205,000-224,999	14.50	10.92	15.17	Qtr
£225,000-244,999	14.50	10.92	15.17	Qtr
£245,000-264,999	14.50	10.92	15.17	Qtr
£265,000-284,999	14.50	10.92	15.17	Qtr
£285,000-304,999	14.50	10.92	15.17	Qtr
£305,000-324,999	14.50	10.92	15.17	Qtr
£325,000-344,999	14.50	10.92	15.17	Qtr
£345,000-364,999	14.50	10.92	15.17	Qtr
£365,000-384,999	14.50	10.92	15.17	Qtr
£385,000-404,999	14.50	10.92	15.17	Qtr
£405,000-424,999	14.50	10.92	15.17	Qtr
£425,000-444,999	14.50	10.92	15.17	Qtr
£445,000-464,999	14.50	10.92	15.17	Qtr
£465,000-484,999	14.50	10.92	15.17	Qtr
£485,000-504,999	14.50	10.92	15.17	Qtr
£505,000-524,999	14.50	10.92	15.17	Qtr
£525,000-544,999	14.50	10.92	15.17	Qtr
£545,000-564,999	14.50	10.92	15.17	Qtr
£565,000-584,999	14.50	10.92	15.17	Qtr
£585,000-604,999	14.50	10.92	15.17	Qtr
£605,000-624,999	14.50	10.92	15.17	Qtr
£625,000-644,999	14.50	10.92	15.17	Qtr
£645,000-664,999	14.50	10.92	15.17	Qtr
£665,000-684,999	14.50	10.92	15.17	Qtr
£685,000-704,999	14.50	10.92	15.17	Qtr
£705,000-724,999	14.50	10.92	15.17	Qtr
£725,000-744,999	14.50	10.92	15.17	Qtr
£745,000-764,999	14.50	10.92	15.17	Qtr
£765,000-784,999	14.50	10.92	15.17	Qtr
£785,000-804,999	14.50	10.92	15.17	Qtr
£805,000-824,999	14.50	10.92	15.17	Qtr
£825,000-844,999	14.50	10.92	15.17	Qtr
£845,000-864,999	14.50	10.92	15.17	Qtr
£865,000-884,999	14.50	10.92	15.17	Qtr
£885,000-904,999	14.50	10.92	15.17	Qtr
£905,000-924,999	14.50	10.92	15.17	Qtr
£925,000-944,999	14.50	10.92	15.17	Qtr
£945,000-964,999	14.50	10.92	15.17	Qtr
£965,000-984,999	14.50	10.92	15.17	Qtr
£985,000-1,004,999	14.50	10.92	15.17	Qtr
£1,005,000-1,024,999	14.50	10.92	15.17	Qtr
£1,025,000-1,044,999	14.50	1		

Wilmington & South West Finance Co Ltd
 114 Bargeat St, London EC1 7AE 071-406 9485
 High Int. Cheque Acc... 12.50 11.31 15.73 Otr

NOTES—Gross rate to those exempt from compound rate of 12% Net actual rate after deduction of CRT for Equity Cash-
 Gains equivalent to basic rate taxpayers—compounded
 annual rate of 8% frequency interest credited

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those
 designated S with no prefix refer to U.S. Dollars. Vindicat
 allow for all buying expenses. Prices of certain class
 Insurance linked plans subject to Capital gains tax on
 sales in Distribution free of UK taxes. A Periodic premium

• **Single investment registration.** A offered price includes all expenses except client's commission. A previous day's price. No Generalist group. If suspended. A. Voted before Jervy law. 1.5% withdrawal. As only available to charitable bodies. A. Voted column shows annualized rate of NAV increase and no dividend.

• **Funds not SIF recognized.** The regulatory authorities for these funds are Germany's Financial Services Commission, the U.S. of Mass. Investment Supervision Commission, Jersey Commercial Relations Department, Luxembourg Institut Monétaire Luxembourg.

FINANCIAL TIMES WEEKEND JUNE 30/JULY 1 1990

US MARKETS (2pm)[illegible][illegible][illegible][illegible]

Prudential	1,056,500	64 1/2	+ 1/4	New Lines	39	56	57
MetLife	1,024,500	30					
CANADA							
ONTARIO							
	June	June	June	June			
	26	27	26	25	High	Low	
Life & Minerals	3188.00	3154.00	3134.00	3128.60	3455.05 (412)	2850.80 (234)	
Accident & Sickness	3050.00	3161.30	3495.20	3400.47	4009.47 (212)	3334.20 (215)	
Investment							
Equity							
Fixed Income							
Real Estate							
Commodities							
Options							
Derivatives							
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ONTARIO Portfolio	1823.45	1614.81	1804.61	1682.65	2064.90	3181.11	1720.25	277.40
WORLD								
U.S. Capital Int. (1/1/77)								
					518.5	517.7	511.3	571.0 (4/1)
								468.3 (2/4)

* Face values of all indices are 100, except NYSE All Common - 50; Standard and Poor's - 17; and Ontario Portfolio and Metals - 1,000. Toronto indices based on NYSE All Common (1/1/77).
 † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ‡ Cleared. ‡

† Subject to official modification.
 ‡ As of June 30, 1978.

† Source: Statistics Canada. ‡ Statistics Canada. † Source: Statistics Canada. † Source: Statistics Canada.

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Second quarter play reverses trends in global investment performance

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Dr. J. H. K.

MINES—Contd.

Stock	Price
Long 15p.....	90p

Miscellaneous	
Deer Mining 9p	110
U. Arrows ..	28
U. Dominion	12 1/2
Intl. Gold ..	26 1/2
Deer Mining 10p	18
U. Pies Corp	18 1/2
North 10c ..	39
U. Inc	7

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Group 10a...y	28
Group 10b...y	28
Group 10c...y	28
Group 10d...y	34
Group 10e...y	172
Group 10f...y	56
Group 10g...y	9
Group 10h...y	13
Group 10i...y	41

NOTES

dealing classifications are in
 the: a Alpha, b Beta, y Gamma
 indicated, prices and net dif
 are 25¢. Estimated price

On balance, annual reports and analyst coverage of the 100 largest UK listed companies, earnings per share and dividend yield, are all positive indicators. The average dividend yield is 10 per cent or more, indicating that the companies are profitable, which compares quite favourably with the average dividend yield of 7.5 per cent for the FTSE 100. Analyst coverage is also positive, with 80 per cent of the companies being covered by at least one analyst. The average number of analysts covering each company is 1.5, indicating that the companies are well covered by analysts. The average number of analysts covering each company is 1.5, indicating that the companies are well covered by analysts.

	83.00	95	+2
	131.00	140	+9
RM	276.5		
	311.5		+4
	190		

Carroll (P.J.)
Hall (R.) &
Heaton Hldgs.
IRG
United Drug.

ADDITIONAL LIST

3-month call rates

	\$	%
Racial Elect.	4	
RMW	7	
Raxco Drug Ind.	7	
Shawmut	7	
STC	6	
Seaw.	7	
Skarrick Beach	6	
TSB	7	
Telco	7	
Thorn Elm	6	
Trust Motes	21	
Unicom	24	
Unicom	47	
Wicks	13	
Wellcome	39	
	42	
	39	
	29	
	55	

Birk Land
Control Sec.
Land Secur.

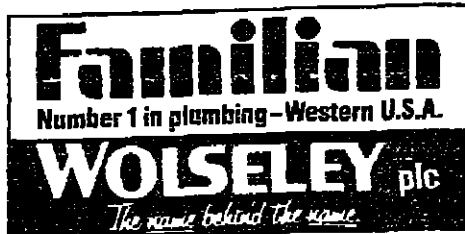
20	MEPC
93	Montclair
18	
48	
93	
20	Aurva Pctm.
33	Brit Petroleum
26	Bureau Oil
53	Conroy Pctm.
99	Casale Rctm.
27	Premier
36	Shell
28	Tuskar Rctm.
25	Ultramar
13	
17	
12	
30	
52	Lorrio
39	RTZ

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FINANCIAL TIMES

Weekend June 30/July 1 1990



India set to sign protocol on CFCs

By John Hunt, Environment Correspondent

THE INTERNATIONAL meeting to revise the Montreal Protocol on the protection of the ozone layer ended in London last night with a large degree of success, as Mrs Maneka Gandhi, Indian Environment Minister, said she would recommend that India sign the agreement.

The Chinese delegation has already said it will recommend to its Government that China sign the protocol, which lays down a timetable for the phasing out of CFCs (chlorofluorocarbons) which deplete the ozone layer and could cause a dangerous increase in the

amount of ultraviolet radiation reaching the earth's surface. In obtaining promises that these two countries will join the protocol, subject to ratification by their governments, the conference has achieved one of its main objectives. Without India and China, accounting for 40 per cent of the world's population, the protocol would be ineffective.

Mr David Trippier, British Environment Minister, described the meeting as "an historic step forward". There was also an agreement to set up a \$240m (£138m) fund to help Third World countries obtain technology from the

industrialised world to develop alternatives to CFCs. This is a breakthrough and the first time such an international fund has been set up for environmental purposes.

The fund, initially to run for three years, will be administered by the World Bank together with the United Nations' environment and development programmes. China and India will each get \$40m from the fund - an important factor in their decision to accede to the protocol.

The remaining \$160m will be divided among other developing nations. However, there was tough

bargaining and an eventual split on the speed at which the production and use of CFCs should be eliminated. The US, India and the Soviet Union insisted that they could not be phased out before the year 2000 with a reduction of 80 per cent by 1997.

This was eventually written into the agreement but many other countries, including the UK, disagreed and said they were going for elimination by 1997 in any event.

A group of 13 countries made a separate declaration saying they would phase out CFCs as soon as possible and by 1997 at the latest. Britain did not sign

the declaration. But Mr Trippier said this was because it was not invited to do so.

There was great difficulty over the negotiations on the transfer of technology. India said it would not sign the declaration unless it got a firm commitment that it would receive technology to set up plants for CFC substitutes in its own country. However, the big chemical companies, although willing to set up such plants in Third World countries, are not prepared to give patents to them to develop their own CFC substitutes. EC begins legal action over beach pollution, Page 4

Hoesch chief to privatise E German industry

By David Goodhart in Bonn

A LEADING West German industrialist has been given the job of selling off most of East German industry, a move that will be welcomed by western businessmen who have lacked confidence in the former communist state's privatisation plans.

Mr Detlev Rohwedder, chairman of Hoesch, the West German steel and engineering group, has been appointed chairman of the Treuhänderanstalt, the trust body that owns most of East German industry and is charged with privatising it.

It is one of the key posts in the German economic union. West German businessmen have been critical of the trust's failure to promote privatisation of East Germany's 8,000 companies.

The appointment will also be welcomed abroad where Mr Rohwedder is well known among investors and businessmen. The 57-year-old former Social Democrat State Secretary in the Bonn Economics

Ministry stressed yesterday that he would be looking for non-Germans to fill some of the places on the trust's 17-person supervisory board.

The trust body, established under the government of Mr Hans Modrow, is directly responsible to the office of Mr Lothar de Maizière, the East German Prime Minister, who yesterday asked Mr Rohwedder to take on the job.

Mr Rohwedder said: "A lot will depend on the calibre of people we have running the trust."

"Clear, free-market oriented decisions must be taken quickly and we must give confidence both to people in East Germany and to businessmen and investors in West Germany and the rest of Europe."

He added that privatisation was not the only function of the trust; it would also restructure or simply liquidate. The trust has provided the security for a large loan from private banks which will help compa-

nies overcome liquidity problems in the first three months of union.

He hopes that after two years the trust will gradually become less significant as much of industry will by then have found new owners. "What we are doing is enormously risky according to text book economics but we can put it off and there is really no alternative," he said.

Mr Rohwedder, born in Gotha, in East Germany, will be staying as chairman of Hoesch, where he is widely considered to have done an excellent job since taking over in 1980.

● The controversial takeover of a large part of the East German electricity supply industry by three of West Germany's largest utilities - RWE, Preussenelektra and Bayernwerk - looks set to go ahead despite objections from the West German Economics Ministry and Cartel Office. Terms for German unity bond, Page 2



Detlev Rohwedder: appointment will be welcomed abroad

Gorbachev clears first hurdle in battle for reform

By Quentin Peel in Moscow

SOVIET PRESIDENT Mikhail Gorbachev yesterday won the unanimous approval of the Communist Party's ruling central committee to present proposals for radical reforms at next week's congress.

Mr Gorbachev secured the vote in the face of a rising tide of distress among conservative party faithful. The victory means he has cleared the first hurdle in his struggle to overhaul and preserve the Communist Party of the Soviet Union, the greatest challenge to his personal and political authority in his five years in power.

Mr Gorbachev won unanimous approval for his proposed

report on the political and economic crisis both in the country and the party. The question of postponing the congress to avoid a looming split between conservatives and pro-democracy radicals was never put.

The decision coincided with another crisis breakthrough as the rebellious republic of Lithuania voted to suspend its independence declaration to clear the way for secession talks with the Soviet authorities.

Two meetings earlier yesterday appear to have cleared the way for vote on the party congress. Mr Gorbachev held a one-to-one meeting with Mr

Boris Yeltsin, the main leader of the radical party, and then addressed an extraordinary gathering of selected members of the central committee.

The party's 300-strong ruling body, still dominated by conservative members of the party, state and military bureaucracy, postponed any reference to Marxism-Leninism until the full congress.

They agreed that the Soviet leader's radical plans for new party policy - allowing private property and excluding any reference to Marxism-Leninism - should be put forward as the basis for the con-

gress debate. The potential backlash faced by Mr Gorbachev, above all from his conservative critics, was underlined yesterday when the official trade unions warned of a "social explosion" if the planned switch to a market economy endorsed in the proposed new policy.

At the same time, radical independent unions, led by the coal miners announced a one-day strike on July 11, to demand the Soviet government's resignation.

The stage is set for a furious battle at the Communist Party congress, whose 4,700 delegates began registration yesterday. Their numbers are dominated by members of the privileged nomenklatura, who have everything to lose from democratic reforms.

However, leading Communist Party officials suggested that Mr Gorbachev was determined to call the bluff of party conservatives, in the face of a disastrous slump in Communist Party popularity and authority. He will argue that the party must either overhaul its entire policy and structure or disintegrate, they said.

Lithuanian independence declaration suspended, Page 2

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (DM)			
Rieser			
Herlitz	457	+ 12	
Mannheimer	900	+ 10	
Failla			
BASF	271.6	- 20.2	
Gesheheim	360	- 13	
Mercedes	659	- 11	
Sud-Chem	745	- 8	
NEW YORK (\$)			
Rieser			
Campbell Soup	57 1/2	+ 1 1/2	
Coca-Cola Ent.	15 1/2	+ 1/2	
Wells Fargo	78 1/2	+ 1 1/2	
Failla			
Chiquita Brds.	25 1/2	- 1 1/4	
MGM/US	16 1/2	- 1 1/4	
USX	33	- 1/4	
PARIS (FFr)			
Rieser			
Berkley	218	+ 12	
Cairn Energy	317	+ 17	
Elect. Orléans	87	+ 10	
Fisons	365	+ 10	
Frost	410	+ 42	
Glaxo	123	+ 12	
Halstead (J)	194	+ 10	
Harland Simon	585	+ 25	

New York prices at 12.30.

LONDON (Pence)			
Rieser			
Berkley	218	+ 12	
Cairn Energy	317	+ 17	
Elect. Orléans	87	+ 10	
Fisons	365	+ 10	
Frost	410	+ 42	
Glaxo	123	+ 12	
Halstead (J)	194	+ 10	
Harland Simon	585	+ 25	

WORLDWIDE WEATHER

Area	Temp	Wind	Cloud	Area	Temp	Wind	Cloud
Algeria	24	S 15	10	Madrid	24	S 15	10
Amman	28	S 15	10	Manila	28	S 15	10
Algiers	28	S 15	10	Medan	28	S 15	10
Antwerp	24	S 15	10	Montevideo	24	S 15	10
Bahia	24	S 15	10	Nairobi	24	S 15	10
Bangkok	24	S 15	10	Paris	24	S 15	10
Bombay	24	S 15	10	Rangoon	24	S 15	10
Buenos Aires	24	S 15	10	Singapore	24	S 15	10
Calcutta	24	S 15	10	Taipei	24	S 15	10
Cairo	24	S 15	10	Tokyo	24	S 15	10
Cardiff	24	S 15	10	Yokohama	24	S 15	10
Chennai	24	S 15	10				
Columbo	24	S 15	10				
Dhaka	24	S 15	10				
Durham	24	S 15	10				
Edinburgh	24	S 15	10				
Geneva	24	S 15	10				
Hong Kong	24	S 15	10				
Kuala Lumpur	24	S 15	10				
London	24	S 15	10				
Los Angeles	24	S 15	10				
Luxembourg	24	S 15	10				
Manila	24	S 15	10				
Medan	24	S 15	10				
Montevideo	24	S 15	10				
Nairobi	24	S 15	10				
Paris	24	S 15	10				
Rangoon	24	S 15	10				
Singapore	24	S 15	10				
Taipei	24	S 15	10				
Tokyo	24	S 15	10				
Yokohama	24	S 15	10				

Cloudy - Drizzle - F - Fair - Fog - H - Hot - N - Rain - S - Sunny - T - Thunder - T - Thunder - T - Thunder

Ridley faces row over sale price of Girobank to building society

By David Lascelles, Banking Editor

THE UK Government faces a fresh privatisation row on Monday when Mr Nicholas Ridley, the Trade and Industry Secretary, is expected to announce the sale by the Post Office of its Girobank subsidiary to the Alliance & Leicester Building Society for less than its net asset value.

The price cited by Mr Ridley will be £112m, according to those close to the negotiations last night. But this will include repayment to Girobank's owner, the Post Office, of a £38m loan.

This means that the effective price being paid by the A & L will be £74m. According to Girobank's latest annual report which was released yesterday in advance of the sale, the bank's net value excluding the loan was £118.5m on March 28.

Mr Kenneth Young, the deputy chairman of the Post Office who is also Girobank chairman, refused to confirm the sale price yesterday.

But he described a suggestion that the Girobank was being sold cheaply as "unsubstantiated". He said: "The bank is being sold at a market price by a fair bidding process."

A spokeswoman for the Post Office said that the sale price should be viewed in terms of what the Post Office actually received.

The fact that the price included repayment of a loan was irrelevant since this would still come out of the Alliance and Leicester's assets.

The A & L will have to replenish Girobank's capital to meet regulatory requirements, but the sum involved will be less than £38m.

The A & L won an auction for the Girobank with a bid of £130m two years ago. But the price was subject to adjustment, particularly for changes in the value of Girobank's holdings of gilt-edged stock which have fallen sharply with the rise in UK interest rates.

The sale was also been delayed because of the regulatory complications of a building society buying a bank.

Mr John Wrigglesworth, building society analyst at UBS Phillips & Drew, said last night that the Government faced a difficult situation in selling Girobank because it was a unique institution.

But the sale had been a genuine auction to the highest bidder, he said, and it should not be compared to the recent sale of Yorkshire Bank which went for a large premium.

Girobank's results yesterday showed that it boosted profits by 40 per cent in its latest financial year to £30.2m before tax.

Mr Young said it had been an exceptionally difficult year because of the deteriorating UK economic situation and the uncertainties created by the sale. But the bank, which specialises in money transmission, also introduced new systems which enabled it to achieve large cost savings.

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THE LEX COLUMN

A colourful close to the quarter

It had been expected that the close of the second quarter in the London market would prove interesting, if only because of the unusual technical position in the futures market. In the event it proved positively bizarre, with two heavyweight brokers slugging it out in apparent efforts to manipulate the market just as the futures contract was expiring. It is not new for the futures market to dominate trading in the FT-SE 100 stocks themselves, but to the hushed institutions yesterday, it must all have seemed remote from the exchange's primary function of bringing together buyers and sellers.

More fundamentally, the end of the quarter could signal the start of a dull summer. The May rally had led to a chronic tightness of supply, especially given the arrival of foreign buyers attracted by the prospect of ERM entry. But a Japanese buyer in at the start of the rally would have had enough gain by early June to be worth cashing in - nearly 20 per cent, including currency. In the last couple of weeks, there have been signs of foreign interest slackening, with the result that domestic institutions have been able to pick up stock for their own purposes of window-dressing.

Meanwhile, any underlying strength in the market is being sapped by profits warnings from such as Burton. In the background, Wall Street is showing remarkable resilience in the face of profits downgrades which are if anything more severe. Much of this ought already to be in the price, but it is hardly the stuff of a summer rally.

Bricom

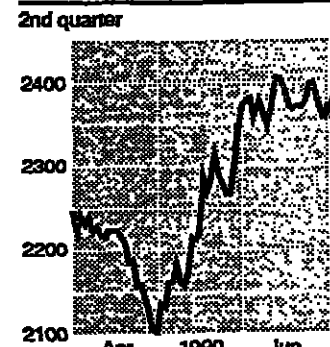
The successful termination of the Bricom buy-out has a sad irony to it. Bricom was the collection of industrial and commercial interests built up by the old British & Commonwealth before Mr John Gurn decided to specialise purely in financial services. Just a month after Bricom was sold to a management buy-out in June 1988, B & C blew the entire stock up stock for their own purchase of Atlantic Computers. The directors and employees of Bricom meanwhile have got their money back 25-fold; even the institutional backers have made a compound return of over 110 per cent a year.

As with the sale of Leeds Bank last week, a buy-out being explicitly groomed for flotation has gone to the trade instead - both buyers, curiously

FT Index rose 12.1 to 1,899.5

FT-SE 100 Index

2nd quarter



Apr 1990 Jun

enough, being Swedish. As with Reedpack, too, the rewards have proved out of proportion to the risks. It is creditable that Bricom's directors should have let 1,300 of the workforce join in on equal terms; and as Magnet showed, buy-outs are not always without risk. But getting a return of over £1m in two years on a £45,000 investment, as 10 of Bricom's directors did, is a sure sign of market inefficiency.

Then again, the market was starting to tighten even by mid-1988, with buy-out proposals starting to be rebuffed in favour of higher bids from outside. So perhaps the inefficiency was once again B & C's, in letting the business go too cheap.

Parkfield

The age-old tradition of the Friday evening company announcement was upheld yesterday by Parkfield, the mini-conglomerate. Shareholders were entitled to some kind of explanation. Parkfield's shares fell by nearly a half on its profits warning nine days ago; they have since dropped another 64 per cent to 6p, against a bank's offer of 51p. The markets have been following the normally reliable theory that once a growth stock starts to sicken, it never gets better. But last night's news was better than feared; stocks are not being sold off at abnormal discounts, and predators are interested in significant parts of the group. The share price reaction on Monday should be interesting.

Dowty

Given the way defence stocks have been hammered lately, it was understandable that Dowty yesterday was playing down its military role.

PRIVATE CLIENT STOCKBROKER?

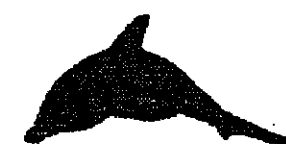
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John, in 1985

MARKETS

LONDON

Footsie wakes up to profit warnings

RECENTLY, London seems to have taken about as much notice of corporate profit warnings as it has of the Cameroon football team. This weekend - exactly halfway through 1990 - may mark a new appreciation of the difficulties both can create.

Industrialists began the week griping to Nicholas Ridley, the Trade Secretary, about City short-termism. In the main their complaints are justified, but the City's misconceptions about the realities of British industry do not always work to depress companies' share prices.

Judging from the evidence of recent weeks, some companies have received rather charitable treatment from traders distracted by a rosy vision of European unity. When bad news is drawn to investors' attention, of course, there is a danger of the market over-reacting.

Take Parkfield, for example.

The manufacturing and entertainment company issued a profits warning last week and saw its shares fall more than half to 153p. They halved again this week to 69p, valuing the company at £35m. It remains to be seen whether that reflects the true worth of a company capitalised at £263m as recently as January.

Poor company news definitely set the tone this week, although it was not the sole influence on the market. The FT-SE 100 Index closed just 3.9 points down on the week at 2,374.6, but yesterday morning, for example, the expiring Footsie futures contract for June was the principal factor behind chaotic trading.

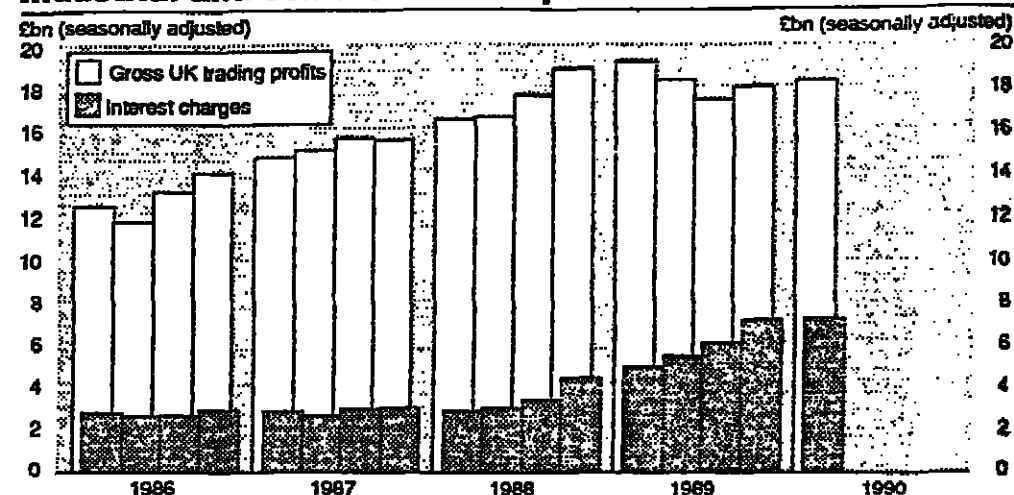
In a week short on significant economic statistics, the Central Statistical Office illustrated the declining financial position of domestic earners on Tuesday when it published seasonally adjusted figures for industrial and commercial

companies. They showed that such groups' gross trading profits in the UK - excluding stock appreciation - grew nearly 2 per cent in the first quarter of 1990, but were almost 3 per cent lower than in the equivalent period last year.

More worrying still, the same figures illustrated that as a proportion of total gross trading profits (including stock appreciation), interest charges have risen from 28 per cent in the first quarter of last year to 40 per cent in the last six months.

The impetus for a reduction of interest charges will have to come from the companies themselves, as other events this weekend suggest high interest rates could be a feature of corporate life for some time. Investors are beginning to realise that German economic and monetary union will mean more than pictures of smiling Berliners rolling symbolic giant-size D-Marks

Industrial and commercial companies



through the Brandenburg Gates. It could, for example, lead to higher German interest rates, with all that such a move would imply for monetary policy elsewhere in Europe.

For those companies which believed that growing earnings was as simple as falling off a pole, there have been some salutary lessons in the last five days. Even some of this week's good company news had a double-edged Mecca. Leisure, Britain's biggest leisure group, submitted to the hostile bid from Rank Organisation partly because it was unable to dispose of assets and reduce its gearing.

More optimistically, BICC, the UK cables and construction company, launched a £177m rights issue of convertible capital bonds and doubled its interest in a Spanish cable-maker, while Siebe, the acquisitive UK engineering group, agreed to buy Foxboro, a loss-making process controls supplier in the US, for \$656m.

Burton Group, the fashion retailer, was the largest purveyor of corporate gloom this week. On Wednesday the high-profile company, which owns the Debenhams stores, joined a string of its competitors and counterparts in other corners of the retail sector in expressing caution about the poor climate, despite increases in retail sales volumes.

Even taking into account the resilience demonstrated in Burton's Interims, this news

should not have been much of a surprise. After all, the effect of high interest rates on the High Street has been well-documented.

However, analysts and investors seem to want their profit warnings in writing. On Wednesday, the latter docked 15p off Burton's share price after the former leaped millions off their full-year forecasts, suggesting that the retailer's profits would slip from £221m before tax to £150m by the end of August. Burton shares ended the week down 37p at 121p, and the bad news led Footsie down nearly 18 points on the day.

Losses were announced by Reliant, the USM vehicles and property group; PJ Carroll, a Dublin-based tobacco, fish farming, and direct mail group; Crest Nicholson, the house-builder; Airtours, the holiday company (increased losses at the halfway stage); and Hickling Pentecost, the textiles group, to name only five. Apart from Burton, profits warnings hit the shares of BSG International, a Birmingham car dealing, components and consumer products group, and Pilon, the computer company. The corporate casualty wards are looking ominously crowded this week, and this is not a selective virus.

At the larger end of the corporate sector, BPI Industries blamed a 38 per cent fall in pre-tax profits in 1989-90 on increasing competition in the plasterboard industry. The

group's profits slipped from £200m to £120m in the period, but the effect of price-cutting by rivals - said to be the first real competition in SPB's home market for about 20 years - has also been aggravated by a slump in the domestic housebuilding business. Even TSB Group failed to please the City with a 7 per cent rise in interim profits to £175m on Thursday, after it also announced an increase in provisions for bad debts, from £26m to £33m.

The problem with reciting a litany of corporate despair is that it does not differentiate between poor management, poor trading and poor luck - or a combination of the three. Investors would be ill-advised to sell in those circumstances tipped over the edge by the sheer weight of poor corporate news, before having a chance to examine the fundamentals - but such calm judgement is not always a feature of precarious markets.

The Government has now whetted the appetite of investors about membership of the exchange rate mechanism of the European monetary system, and that is certain to support equities in the short term even in the face of unsavoury company news. But if ministers do not continue to feed investors' tit-bits as they approach, they may come home one day to find the market has slipped its leash.

Andrew Hill

FINANCE & THE FAMILY THIS WEEK

Little light shed on life contract charges

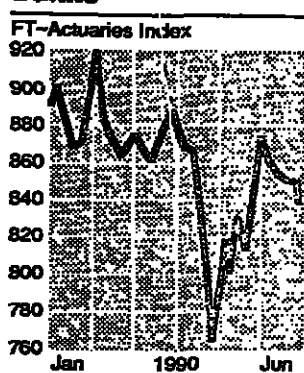
From Monday, investors taking out life assurance and pension contracts will have to be given details of how much the life company is taking in charges and expenses under a ruling by the Securities and Investments Board. However, as Eric Short reports, the actual form of the disclosures leaves much to be desired. Page V

Minding Your Own Business

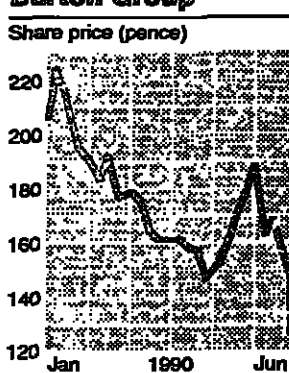
Antonia Sharpe reports on a new cinema in Richmond that caters to artistic tastes and Roy Hudson meets a businesswoman who found a profitable niche researching the history of old buildings. Page VII

BRIEFCASE: Tax liabilities on covenants - Page VI

Banks



Burton Group



Bad debts give banks a rough ride

The high street banks were given a rough ride in the stock market this week as more analysts reduced their profits estimates to accommodate what is expected to be a big expansion in bad debts both in the UK and abroad. Worries about the extent of rising bad debts were emphasised on Thursday when TSB revealed a bad debt provision up from £26m to £83m. The "big four" banks plus Abbey National and Standard Chartered are scheduled to announce interim figures in late July/early August and - with the exception of Abbey National, which is expected to achieve a 35 per cent jump in pre-tax profits owing to the level of income generated by its flotation proceeds - these will show big falls in profits.

NetWest shares gave the poorest performance of the week after Smith New Court carved £300m off its full-year forecast which, at £1.15bn, is about the lowest in the City. Analysts are still confident of annual dividend increases in the region of 10 to 15 per cent from Barclays, NatWest, Lloyds and Abbey National. Stephen Thompson

Burton shares fall

Burton shares fell this week after the company joined a long list of retailers to warn that trading was tough. Some analysts had hoped that the company was coping with weak consumer spending better than others, but with that possibility removed, they all recommended that their clients should stay away from the stock. The market was not reassured by Burton's apparent reluctance to discuss its non-retailing businesses: property and financial services. Many analysts did not give the company the benefit of the doubt and the price continued to retreat. Daniel Green

Firstdirect cuts interest rate

Firstdirect, the telephone banking service run by Midland Bank, is cutting the interest rate on personal loans from 11.5 per cent to 9.5 per cent. This is equivalent to reducing the annual percentage rate (APR) from 22.4 to 18.4. The lower interest rate is available for loans taken out between July 1 and August 31. Loans can be repaid at any time and there are no penalties for early repayment. Sara Webb

Low-cost dealing services

Diameter Stockbrokers of London and Guildford has launched a low-cost, on-line-only service for private investors. There is a flat fee of £10 for selling up to £5,000 worth of shares. If you want to buy and sell shares through Diameter, you will have to pay a £10 registration fee (plus VAT) in order to set up an account. Further details are available on telephone (0483) 301983. Milldon & Co, which is part of the Laurentian group, has launched a similar selling service, available until August 31. The company will charge a flat fee of £10 on deals worth up to £5,000, although the offer is restricted to privatisations and 25 blue chips stocks. S W

City watchdogs to merge

Two of the City's self-regulatory organisations - The Securities Association (ISA) and the Association of Futures Brokers and Dealers (AFBD) - have decided to merge by the spring of 1991. The merger is intended to improve the efficiency of the regulators, especially where there is overlap between the work of the AFBD and TSA. S W

Those holiday blues...

One in nine Britons run into problems while on holiday abroad, according to a survey commissioned by Barclaycard International Rescue. The most common problems are road accidents, illness and dealing with the local police. The less common include being sprayed with paint by a French road marker and falling out of the back of a car. Four out of ten people surveyed said that the police force they would least like to have dealings with was the Turkish force, while Spain topped the list of destinations

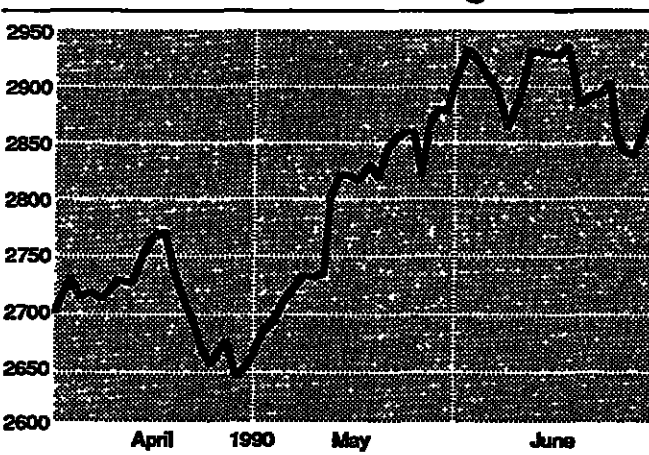
HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1990 High	1990 Low	Analysts' firm profits ratings
FT-SE 100 Index	2374.6	-3.9	2483.7	2103.4	
Amer Business Sys	205	+32	205	183	Brokers' 'buy' recommendations
BICC	423	-34	480 1/2	392 1/2	£177m rights issue
Barratt Dev	182 1/2	+15 1/2	216	165	County NatWest 'buy' recommendation
Berkley Group	218	+37	218	142	Recovery hopes/poor sign discounted
Burton	118 1/2	-39 1/2	226	117	Warning of difficult trading
Davy Corp	209	-15	264	201	Brokers' 'sell' recommendations
High-Point	303	+37	311	255	Vague takeover speculation
ICI	1145	-45	1253	1024	Brokers' downgrades
ION Steam Packet	125	+30	129	68	Sea Containers bid
Parkfield	69	-84	524	48	Nervous awaiting company statement
Pilon	88	-37	285	85	Profits warning
Ropner A	126	+32	143	90	Sells Hozelock-ASL subsidiary
Sema	599	+48	603	361	Stake-bid rumours/stock shortage
Siebe	494	-36	530	410	Tender offer for Foxboro of US

WALL STREET

Rally follows tax volte-face

Dow Jones Industrial Averages



After a 0.1 per cent decline in April, but some constituents were disturbingly negative.

These included building permits, reflecting the worst recession in the construction industry since the early 1980s, and consumer expectations, showing that retail spending is likely to slow.

Against that, a rise in the factory working week and an increase in manufacturers' orders for capital and consumer goods suggested that the manufacturing sector might be starting to recover.

With a budget compromise in place, the strength of the economy in the coming months will largely depend on

the troubles of Donald Trump, the New York property developer and casino owner, are merely the most flamboyant example of this.

Trump this week patched together an agreement with his bankers giving him some breathing space - in the form of additional loans and a two year suspension of interest payments on some \$800m of debt - but this will only mean a more gradual unwinding of his empire than recourse to the bankruptcy courts.

The index of leading economic indicators for May, released this week, painted an uncomfortable picture. The index rose by 0.5 per cent,

after a 0.1 per cent decline in April, but some constituents were disturbingly negative.

Caterpillar, the second largest US exporter after Boeing, warned that it expected substantially lower earnings and flat sales this year, which it largely blamed on economic upheaval in Brazil.

Caterpillar's problems could be dismissed as special cases, but the market was surprisingly quick to brush off the AT&T announcement and move higher. It was a sign that although Wall Street is deeply divided between bulls and bears, the optimists are still in the driving seat.

Martin Dickson

JUNIOR MARKETS

Tough time to pick winners

THE UNLISTED Securities Market has gone from bad to worse. After slipping down 11 per cent in the second half of 1989, it slipped a further 15 per cent in the first half of this year.

Taken with a battery of disastrous company results and a worsening problem with the marketability of shares, it looks like a picture of unmitigated gloom.

The only consolation for the investor is the theory that repeated bad news flushes out all the sellers from a market, so eventually there is nowhere shares can go but up. The slight upturn of the past two months might, just might, mark some kind of turning point.

Even in this dismal market some shares have excelled themselves. The snag for the investor is that picking out the winners has rarely been more difficult. The dominant themes have been recoveries, bids and rights issues and the best-performing shares represent a rag-bag of sectors.

Indeed, some of the companies that have made it to the top ten of the leaders' list have bucked the trend in their sector. Shares in Chelsea Man rose 78 per cent despite the AT&T announcement and Allied Leisure, a 10-pin bowling and nightclub group, has shrugged off the malaise in the leisure industry and raised \$4m to fund expansion, boosting its share price by 66 per cent in the process.

Crossroads Oil and Flextech have both avoided being dragged down by the woes of the oil sector. Crossroads, which reported an operating profit of \$55.6m this week, has been turned around from loss. Flextech has also improved its performance and moreover it has moved into the communications industry.

In another recovery story, Portland International was the best performer this year, with a 91 per cent rise, after making losses in 1988. The apparent reason for this turnaround is the new-found success of its software products.

Rights issues feature in two more of the leaders. E W Fact, the training group nearly doubled its share price this year, after announcing a rights issue to fund expansion and a move into new premises. G C Flooring & Furnishings, a carpet contractor, moved up by 74 per cent after a new management team bought into the company through a £1.2m rights issue.

Takeover bids thrust two companies into the top ten. Just Rubber, a maker of rubber covered rollers agreed a bid by Scapa, a maker of specialist products for the paper and printing industry. Continental Microwave, a maker of specialist communications equipment

succumbed to a \$15.8m offer from Nobel Industries of Sweden.

At the bottom end of the scale, the half yearly performance figures tell a woeful tale of losses, rescue packages and financial straits.

Rockwood, the sailing freight and distribution company, takes the wooden spoon with a 84 per cent fall in its value. After plunging into the red and passing its dividend, it was offered a rescue package by Mr Lee Ming Tee, an Asian businessman.

The next two worst performers are former high fliers on the USM. Parkway Group, the pre-press production group which lost 84 per cent of its value, was a former USM company of the year.

The high level of interest rates underlines many of the mishaps on the USM and nowhere is this more true than in the property sector, where developers have been unable to find buyers for their properties.

The problems of Broadwell Land, which lost 71 per cent of its value this year, started when a mooted take-over approach fell flat. Its difficulties have magnified this week however when the proposed purchaser of its pre-sold Plantation Wharf project pulled out of the deal.

It is now talking to an institution with a view to getting a cash injection. Another laggard that has slipped further into the mire this week is Regina Health & Beauty. On Thursday, it announced a \$477,000 loss and said it was under "considerable pressure" from its bankers. It also hopes to produce some sort of refinancing in the next few weeks.

At just 5p, Regina does not have much further to fall. But the classic example of the penny stock in the laggard list is URS International. This US-based construction design consultancy has been something of a disaster story since it joined the USM in 1987. Now, at just 4p, shareholders can expect to either double their money or lose it.

To judge by the first half of this year, it is much easier to do the latter. Only one company, Crossroads Oil, more than doubled its value whereas a clutch of companies went under. Spice, the car parts distributor. Memory Computers (UK), the software and systems group and British Island Airways were among those that called in the receivers.

Vanessa Houlder

Water-watching will prove to be a dull affair

SHAREHOLDERS may have been hoping that the reporting season for the 10 water and sewage companies, due to close at the end of next week, would provide an indication of whether they should hold on to their shares or sell them before the second payment becomes due at the end of next month.

But they will have been sadly disappointed. Barring any surprises from Wessex, Northumbrian and Southern which report next week, the season will have proved to be a dull affair. All the companies have unveiled, as expected, slightly higher pre-tax profits for the year to end-March than they had promised in their flotation prospectus last November.

As an indication of how much in the dark the market still is regarding differences between the companies - despite the best efforts of City analysts find some - an estimated 30 per cent of institutional investors are still avoiding the problem of stock selection by holding the shares in the form of the package.

This, which comprises parcels of shares in all the companies weighted according to size, they acquired as sub-underwriters in last November's flotation. They do not have to unwind it until the date of the last payment instalment in July next year.

The only flutter of excitement during the reporting season came when Thames, the biggest company, chaired by Roy Watts, and keen to set itself up as a pace-setter for the industry, said it was recommending a dividend payment 3.6 per cent higher than it had forecast.

But, as one fund manager remarked: "The attention that announcement attracted only indicated how little news there really was coming out of the companies."

The results, covering the 12 months to the end of March, were more or less meaningless because all that happened during that period was that the companies were recapitalised and transferred to the private sector.

By far the most important

question relating to the companies is how they will cash their massive capital spending programmes - and it will be another year at least before judgments can be made on this score.

So investors pondering whether or not to dig into their pockets for the second payment instalment of 70p, due by July 31, will have to seek elsewhere than the actual performance of the companies for inspiration.

Of course, those investors who took advantage of the pre-registration scheme in the flotation, which made them eligible for perks, will have certain good reasons for hanging on to their shares.

Those who registered will have chosen either the incentive of 20p off each of the final instalments of the 240p issue price (10p off next month's 70p call) or loyalty bonus shares in December 1992. If they bought shares in a company of which they were a customer, these are on a one-for-10 basis and, if not, on a one-for-20 basis, up to certain limits: either way,



Roy Watts of Thames Water: keen for it to be a pace-setter

shareholders may feel the deal is worth the waiting.

But one reason that may put investors off holding shares over the long-term is the political uncertainty hanging over the sector. This severely upset the market after Anne Taylor, Labour Opposition spokeswoman on water, stood up at a conference in March and said a return to public ownership would be a "high priority" if

Labour came into power.

However, political worries have eased recently. Many take comfort in the reflection that renationalisation of water would hardly be Labour's first priority if the party were to win the next general election; and there are severe doubts about the practicality of buying back the shares and financing the industry's huge capital spending programme in the public sector.

Obviously, water shares are not going to escape from fears about political developments and shareholders need to keep an eye out for them.

Just at the moment, however, it is thought that after underperforming the market during the second quarter the water shares have properly discounted them.

Another cause of concern about the water sector recently has been the impact of the electricity companies' flotation, scheduled to get under way this November with the sale of the 12 distribution companies.

Fears have been raised that

investors' funds will be withdrawn from the water sector to reinvest in the electricity companies' flotation, which is expected to raise around £30n.

However, some analysts point out that the electricity flotation could have exactly the opposite effect. The share price of British Gas actually benefited during the water flotation as institutions, finding they were not asked to buy as much water as they had expected because of strong public demand, allocated funds elsewhere in the utility sector.

Setting these worries aside, the water shares still possess the strong attractions for the private investor they boasted at flotation: defensive in an economic downturn, providing well-above-average dividend yields and with forecast dividend growth rates significantly in excess of inflation.

To many, it would be well worth finding the extra 70p to continue to enjoy such an investment - however dull the reporting season was.

Clare Pearson

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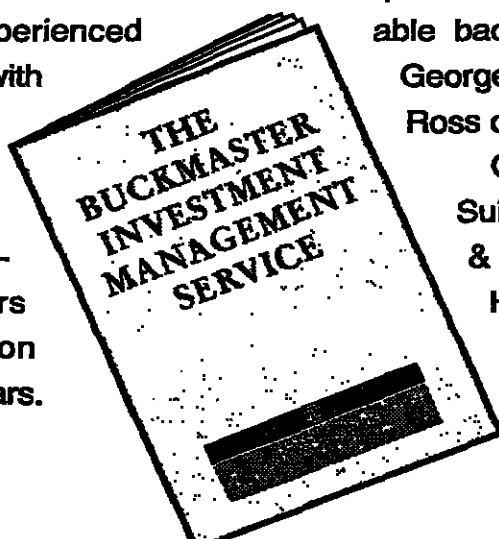
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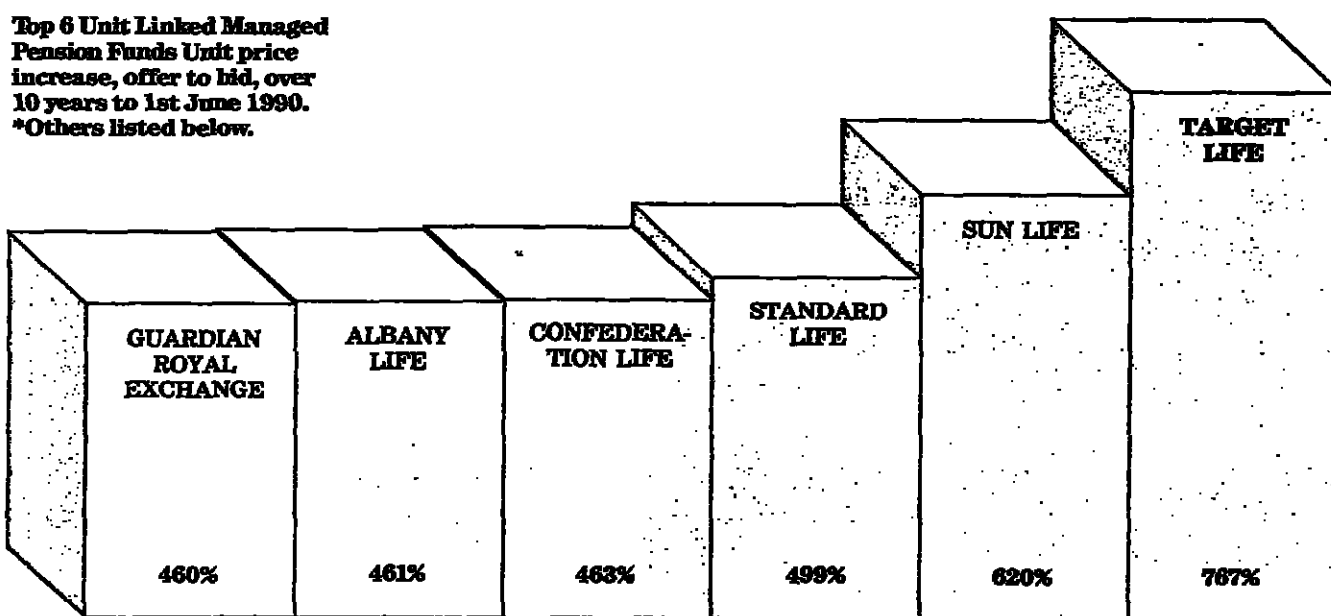
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*Others listed below.



Over 5 years to 1st June 1990, the Target Managed Pension Fund unit price increase, offer to bid, was 77%. Source: Micropal Ltd 1989.

*Other managed pension funds unit price increases are: Save & Prosper, 410%; Hill Samuel, 399%; Allied Dunbar, 375%; Equity & Law, 368%; London & Manchester, 365%; M & G Pensions, 355%; Prudential, 345%; Barclays Life, 340%; Legal & General, 337%; Property Growth, 327%; Cannon Assurance, 299%; Laurentian, 278%; Standard, 278%; Abbey Life, 274%; MI UK, 272%; Stalwart Assurance, 265%; Nelex, 261%; City of Westminster, 225%.

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FINANCE & THE FAMILY

Offshore assets in the spotlight

MORE investors are showing an interest in offshore asset management, either for fear of a change of government or because they want to minimise their tax bills by using offshore trusts.

The latest investment adviser to expand in this field is Credit Suisse Buckmaster & Moore, which is building up its investment management service for expatriates and other investors who want to keep their assets offshore.

CSBM already has an office in Geneva offering private banking and stock broking services for offshore investors.

But it wants to encourage clients, such as people who have spent much of their lives working and amassing fortunes abroad, or who want to retire abroad, to use its London-based investment advisers for offshore asset management.

Paddy Ross, marketing director, says clients will be given advice on equities, fixed interest investments, cash and currency management, but will need to go elsewhere for tax planning advice.

CSBM has a handful of unit trusts, most of which invest in the UK market. However, Ross claims that the company does not usually encourage its high net worth investors to put money in unit trusts unless these provide exposure to overseas markets or specialist sectors - for example the UK smaller companies sector, which is quite risky and so would require a good spread of investments.

The minimum portfolio requirement is about £100,000, although "the typical client

has much more than that," according to Ross. There is an annual management fee of 0.5 per cent on portfolios up to £100,000, with a reduced scale thereafter. If you want to use the safe custody service, there is a further charge of 0.3 per cent, or 0.1 per cent for gilts and US treasury bills.

Although wholly owned by a Swiss bank, Buckmaster & Moore claims it is very much a UK investment house.

"There is a difference in investment cultures - the Swiss prefer bonds and think a portfolio split 50-50 between bonds and equities is risky whereas we would regard it as rather conservative," he says.

CSBM has suggested several portfolios for high net worth individuals based in different countries.

For example, a US dollar-based investor would be advised to split his portfolio as follows: cash \$ (8 per cent), cash DM (5 per cent), cash SFR (2 per cent), US bonds (22 per cent), sterling bonds (1 per cent), US shares (25 per cent), Japanese shares (8 per cent), German shares (20 per cent), UK shares (4 per cent), and Swiss shares (5 per cent).

A sterling-based high net worth individual would be advised to invest as follows: sterling cash (10 per cent), sterling bonds (8 per cent), sterling index-linked (2 per cent), UK shares (56 per cent), North American shares (4 per cent), Far Eastern shares (11 per cent), and specialist equity funds (7 per cent).

Sara Webb

IN BRIEF

HALIFAX Building Society has added a new interest rate tier to its 90 Day Xtra account. It will pay 12 per cent net (12.36 compounded annually since interest is paid every six months) on deposits of over £50,000. The 90-day money before 90 days, providing more than £5,000 is left in the account.

The Halifax has also formed a wholly-owned subsidiary company called Halifax International (Jersey) to service the needs of offshore investors. It will be able to accept deposits from UK investors.

It will offer fixed and variable sterling deposit accounts. Under UK law the Halifax is obliged to meet the claims of depositors if its Jersey subsidiary is unable to do so.

NATIONWIDE Anglia building society has launched a Taxfree Option savings account, aimed at non-taxpayers who have

already used up this year's allowance. The first interest payment will be made on June 30 1991. The instant access version pays interest between 10 per cent gross for deposits below £500, and 14 per cent for £500 or more. The 90-day option has a minimum of £500, paying 13.50 per cent, rising to 15 per cent gross for deposits of over £25,000.

WITH somewhat unfortunate timing, Providence Capital has launched a gold unit trust, which will invest in gold mining and exploration companies. The company claims that the price of gold bullion (which has sharply fallen in recent months) does not follow the movements in the share markets. But it admits the new fund, its 14th unit trust, is not intended for the first-time investor.

John Edwards

The Week Ahead

S&N's vintage year

CELEBRATIONS and commemorations of the British Isles' recent footballing adventures has probably helped Scottish & Newcastle, the brewery group, with its growing share of the market.

On Monday, however, its directors, in a more formal mood, are expected to unveil annual pre-tax profits of between £175m and £180m.

Profits will show a strong advance on the previous £138.2m as the company benefits from increasing turnover, acquisition contributions and timely disposals. But questions are bound to be asked about S&N's long-term strategy which is still heavily dependent on beer given the pending restructuring of the UK brewing industry.

Industry pre-tax profits of British International, the troubled sugar and property group, which last year came out at £36.4m, after exceptional items of £14.2m, are more difficult to forecast.

But there are bound to be big write-offs relating to the ill-fated venture into New York property. The worst fears are that these will reach £100m or more, putting, some fear, the maintenance of the dividend payment under pressure.

On the trading level, however, there should have been an improved contribution from British Sugar, the main operating profit part of the group which has benefited from a good crop and higher prices.

A full-page advertisement from S&N's worth of acquisitions is expected to spur Newman Tonks, the Birmingham-based architectural group, to a 25-30 per cent advance in interim profits. Earnings growth will be less impressive following February's £32.3m rights issue, although some progress is anticipated.

An improvement from £9.01m to between £11.25m and £12m is foreseen. Analysts will be particularly anxious to learn whether UK demand for the group's products is continuing to hold up in the light of the decline in commercial construction activity.

Tiphook doubled its fleet of container ships earlier this year when it bought assets from Sea Containers after a bitterly-fought bid battle which lasted nine months. But the UK container rental company's full-year results on Thursday are unlikely to include the benefits of this acquisition.

Analysts expect pre-tax profits of £30m in the year to April 30 but Sea Containers assets could see Tiphook make more than £80m in 1990-91. Attention is likely to focus on comments from the group's extrovert chairman Robert Montague about how quickly the new assets have been integrated into Tiphook's existing fleet.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid for shares	Market price	Price before bid	Value of bid	Offer
Crysalis	55p	81	73	30.60	TT Group
Crystalline	30p	30	25	4.30p	Widley
Fluor	42p	40	26	60.12	Yard East com'm
Front Group	205p	201	174.2	1.10m	Br. Coal Pm. Pd
Globe Inv. Trst	124p	124	141	122.55	James
Harwell	124p	119	141	122.55	James
Int. Colour Mgmt	115p	125	95	17.25	Swansea Elchist
LO.M. Steam Pkt	96p	87p	84	238.87	Rank Org.
Mecca	80p	74p	58	251.20	Rank Org.
Optim Group	18p	15	14	13.20	Systems Reliab.
Tecor Mgmt	150p	142	115	357.72	RP
Trist	170p	176	138	12.12	Assist

*All cash offer.†Cash alternative.‡Partial bid. §For capital not already held.¶Conditional. **Based on 2.50p price. ***90/90.††A suspension. §§Shares and cash. * Offer values co. at £4.3m - bidder will retain no more than 51%. * Bidder already owns 41%.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
AAM Holdings	Mar	32,800 (30,000)	33.2 (30.1)	13.5 (11.9)
Aberkyle Hldgs.	Dec	5,330 (2,920)	5.41 (3.08)	-
Alcon	Apr	4,850 (3,970)	15.4 (14.2)	4.8
Alpine Group	Dec	2,900 L (1,260 L)	-	3.3 (1.1)
Amber Industrial	Mar	2,280 (1,550)	39.6 (34.5)	1.5 (1.1)
Amberley Group	Mar	370 (550)	20.7 (31.5)	2.4 (2.0)
American Bus Sys	Mar	8,460 (5,700)	31.3 (25.1)	5.5 (5.0)
Anglo Group	Mar	10,880 (8,270)	6.2 (5.0)	1.4 (1.2)
Anglo United	Mar	15,300 (8,600)	12.1 (10.0)	1.5 (1.1)
Avesco	Mar	5,810 (5,370)	12.1 (10.0)	1.5 (1.1)
Aynsley	Dec	2,220 (1,790)	1.3 (1.0)	0.5 (0.4)
Berkeley Group	Apr	204 (22,110)	22.1 (32.2)	11.25 (10.7)
BPB Industries	Mar	126,400 (202,300)	20.7 (20.6)	11.5 (10.5)
Bristol Evening	Mar	7,810 (8,100)	20.7 (20.6)	11.5 (10.5)
Caledonia Invest	Mar	35,300 (25,800)	25.9 (19.6)	12.0 (10.0)
Carole Engineer.	Mar	8,830 (9,040)	15.0 (15.3)	7.1 (5.9)
Carroll PJ	Mar	12,050 L (8,500 L)	-	0.75 (0.315)
Caswell Brothers	Apr	312 L (551)	51.6 (45.1)	-
Charwell Group	Mar	1,000 (836)	0.8 (0.91)	0.55 (1.1)
Chloride Group	Mar	12,800 (13,200)	11.5 (11.1)	-
Countryline	Apr	464 (621 L)	20.5 (24.7)	5.0 (5.0)
Courts (Furnish)	Mar	11,480 (11,010)	8.8 (8.5)	5.55 (5.55)
Cranwick Mill	Mar	921 (670)	7.97 (7.29)	7.95 (7.12)
Crossroads Oil	Mar	78 L (1,260 L)	-	1.3 (1.1)
Danesh Inv. Trst	Mar	582 (514)	19.0 (12.8)	7.7 (7.0)
Debenham Tewa.	Apr	9,300 (3,950)	22.6 (66.5)	10.0 (15.0)
ERF (Holdings)	Mar	3,270 (7,840)	10.5 (8.6)	1.25 (1.0)
Enso Holdings	Mar	1,530 (1,380)	5.8 (5.0)	1.25 (1.0)
Fairbairn	Mar	2,300 (13,070)	4.6 (25.4)	3.5 (2.0)
F&C Germany Inv	Mar	1,820 (780)	2.86 (1.70)	1.75 (1.1)
Feedback	Dec	446 (263)	-	0.1 (0.65)
Fobel Int'l.	Dec	120 (181 L)	-	-
Granville	Mar	1,620 (1,120)	24.8 (23.4)	5.2 (4.5)
Grays	Mar	20,430 (21,730)	9.74 (8.12)	1.843 (1.42)
Heima	Mar	14,100 (11,400)	-	10.7 (10.7)
Hickling Penta.	Mar	1,690 L (723)	3.07 (4.28)	5.3 (4.7)
Hogg Robinson	Mar	10,410 (5,010)	8.3 (8.3)	2.04 (1.7)
In Shops	Mar	3,250 (2,250)	19.2 (17.8)	5.5 (5.5)
JS Publishing	Mar	3,980 (3,640)	29.1 (38.8)	11.25 (10.7)
Latham James	Mar	2,430 (2,290)	12.7 (12.5)	6.0 (6.0)
Markham Seca.	Mar	11,910 (11,700)	6.4 (52.3)	15.4 (18.0)
Maxwell Comm.	Mar	12,500 (12,500)	12.1 (8.97)	4.0 (3.3)
Microline Group	Mar	2,100 (1,650)	6.4 (10.7)	4.16 (3.96)
MS International	Apr	3,700 (4,570)	6.01 (3.79)	1.5 (1.2)
Neapond	Mar	1,320 (501)	6.01 (3.79)	1.5 (1.2)
Reidman Int'l.	Mar	405,500 (325,700)	6.4 (52.3)	15.4 (18.0)
Shelton Martin	Mar	410 (410)	5.54 (5.48)	2.5 (2.0)
Shering Inds.	Mar	3,140 (1,640)	7.34 (5.25)	5.0 (4.0)
Sterling Publish	Mar	4,860 (2,910)	12.5 (10.2)	6.0 (4.5)
Stormont	Mar	2,110 (1,500)	7.63 (3.19)	2.0 (1.0)
Stretton	Mar	1,150 (1,150)	9.5 (7.8)	2.0 (2.0)
Stretton Speak.	Mar	1,730 (1,520)	19.5 (20.6)	10.5 (10.0)
Tax Holdings	Mar	1,730 (1,520)	19.5 (20.6)	10.5 (10.0)
Wagon Industrial	Mar	20,500 (15,200)	35.4 (31.8)	16.0 (14.0)
Watergate Int'l	Mar	6,010 (6,800)	13.3 (16.8)	4.7 (4.5)
Wellman	Mar	3,330 (2,570)	6.3 (6.0)	2.1 (1.0)
Welsh Water	Mar	18,500 (18,500)	61.7 (31.1)	11.17 (1.17)
Whitcroft	Mar	18,530 (15,370)	32.4 (31.5)	15.0 (13.8)
Willshaw	Mar	1,670 (1,750)	1.39 (1.56)	0.35 (0.2)
Wood Graham	Mar	1,750 (1,150)	35.9 (38.8)	8.0 (3.0)
Wood SW Group	Mar	2,000 L (2,000 L)	45.2 (51.6)	6.0 (4.5)
Wyndham Group	Mar	3,410 (3,210)	45.2 (51.6)	6.0 (4.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Airbours	Mar	7,950 L (3,950 L)	1.5 (1.5)
Anglia Television	Apr	8,090 (8,320)	2.86 (2.8)
Audiot Associates	Mar	947 (947)	1.5 (1.25)
Backenham Group	Apr	2,860 (1,710)	1.5 (1.5)
Colorvision	Mar	3,460 (2,130)	2.5 (1.95)
Crest Nicholson	Apr	572 L (20,200)	3.0 (3.0)
First Philippine Inv	Apr	273 (273)	-
Gardiner Holdings	Mar	21,500 (16,200)	1.7 (1.4)
Grainger Trust	Mar	2,780 (4,180)	1.2 (1.2)
Greenwich Comm.	Feb	180 L (378 L)	-
Harveys & Hanson	Mar	2,840 (2,490)	11.2 (9.4)
Klein & Co	Mar	648 L (105)	-
Lee Arthur & Sons	Mar	2,720 (3,790)	1.25 (1.55)
LPA Industries	Mar	366 (346)	1.65 (1.5)
Murray Enterprise	Mar	66 L (258)	-
Omnia	Jan	740 L (740)	-
Ramsden's Harry	Jan	134 (134)	1.0 (1.0)
Regina Health	Dec	477 L (107)	-
Reliant Group	Mar	4,200 L (61)	-
TBS Group	Apr	175,000 (164,000)	15 (12.85)
Westminster Scatfold	Apr	329 (225)	2.1 (1.8)
Wilding Office Equip	Mar	729 (1,510)	1.8 (1.8)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. - Loss. †Figures quoted in Irish pence & pence. ‡Figures for a 4 month period. §Net revenue. ¶Last year's figures for a 18 month period. † This year's figures for a 18 month period. † Dividend payment on 'B' shares. † Pro forma earnings per share. † Loss/revenue before tax.

RIGHTS ISSUES

BCC is to raise £177m via a rights issue of convertible capital bonds. Reliant Group is to raise £5.5m via a one-for-one rights issue at 10p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Broomfield expects to join the main market towards the end of the year via an offer for sale which will value it at £50m.
MAW is to join the main market via a placing of 5.63m shares at 77p.
Spong Holdings is to raise £10m via an open offer to shareholders.

RESULTS DUE

RESULTS DUE

Company	Announcement due	Dividend (p)*		
		Last year	Final	This year
PRIAL DIVIDENDS				
Assoc. British Engineering	Tuesday	-	0.08	-
Baker Harris Saunders Group	Tuesday	3.0	4.0	2.25
Birmingham Mint Group	Tuesday	3.0	5.0	0.5
Bogod Group	Wednesday	0.1	0.22	0.1
Broomfield Property	Wednesday	-	-	-
Brown & Tawse	Wednesday	2.85	6.65	2.85
Bucknell & Armstrong	Wednesday	1.1	2.8	1.3
Campbell & Armstrong	Wednesday	1.65	3.3	1.65
CH Industrials	Tuesday	1.05	3.825	1.2
Colfax & Fowler Group	Tuesday	1.1	2.2	1.3
Crosby James Group	Monday	1.0	2.5	1.25
Danesh Holdings	Thursday	8.0	14.0	8.0
Farepak	Tuesday	2.5	1.575	1.9
First Technology	Thursday	2.5	5.0	3.0
Fininvest Investment Trust	Tuesday	n/a	n/a	-
Fruith Smith & Turner	Friday	2.1	2.9	2.85
GEC	Tuesday	2.15	5.85	2.95
Graham King & Sons	Wednesday	2.6	6.1	2.9
Harris Philip Holdings	Monday	3.0	3.6	2.0
Holla Group	Wednesday	1.5	1.8	1.6
Howe & Sims	Friday	1.25	4.5	1.25
Jays Hotel Group	Tuesday	1.6	2.9	2.0
Les John J	Thursday	0.75	1.25	0.75
MAC Group	Tuesday	1.0	2.3	1.25
Northumbrian Water	Wednesday	-	-	-
Palmerston Holdings	Friday	2.75	5.75	3.05
Pape Group	Friday	2.0	4.0	2.5
Petal Time Control	Friday	-	-	-
Reed Executive	Tuesday	0.6	1.4	0.8
Robertson Group	Monday	1.1	2.7	1.3
Scottish & Mercantile Inv Trs	Tuesday	1.4	2.7	1.3
Scotlands & Newcastle	Monday	3.1	7.73	4.42
Shield Group	Wednesday	-	-	-
Southern Water	Thursday	-	-	-
Sawant & Wight	Thursday	-	75.0	-
Thorpe Gas	Wednesday	0.333	0.833	0.7
Thornbank	Thursday	2.15	4.85	2.6
Umeco	Wednesday	-	-	1.575
Warfield	Wednesday	-	-	-
Wesssex Water	Monday	-	-	-
PRIVATE DIVIDENDS				
Berkland International	Thursday	1.8	4.4	-
Buckingham International	Thursday	1.25	1.6	-
Canal	Friday	1.95	2.25	-
First National Finance Corp	Monday	4.5	1.5	-
Fininvest American Invest. Trs.	Wednesday	0.5	1.0	-
Fininvest Eurobond & Money Mkt	Wednesday	0.5	1.0	-
Kleinwort Benson Gift Fund	Monday	29.68	32.42	-
Lease Wise Group	Thursday	1.5	2.0	-
Newman Tonks Group	Thursday	3.8	5.5	-
Partridge Fine Arts	Thursday	3.8	5.5	-
Shorline Group	Wednesday	-	0.75	-
Southern Business Group	Wednesday	2.88	4.95	-

* Dividends are shown net of penes per share and are adjusted for any intervening capital issues. † Penes per share gross.

FINANCE & THE FAMILY

Eric Short on life and pension contract charges
As clear as mud

FROM MONDAY, investors taking out life assurance and pension contracts will have to receive details of how much the life company is taking in charges and expenses under a ruling by the Securities and Investments Board (SIB).

However, it is doubtful whether the form in which this information is going to be given will mean much to ordinary investors, since it will be expressed as a percentage reduction on the investment yield.

SIB spent more than three years investigating, consulting and discussing the form in which expenses should be disclosed. The result, however, is that details of charges and expenses will be given to investors in incomprehensible form and only after the sale is made - in the statutory "cooling off" period when they can change their minds.

Lautro (Life Assurance and Unit Trust Regulatory Organisation) has issued guidelines on the form of disclosure for life companies. There are different versions for unit-linked life and pensions contracts, but the following statement by Norwich Union for its with-profits life policies gives a good idea of what the investor can expect to receive.

"Expenses will arise in connection with the contract which will be charged against the company's life fund. In order to give some indication of the significance of these expenses, Norwich Union Life Insurance Society has made an estimate of the company's expenses which will be so charged and of what part is reasonably attributable to the contract."

They will not necessarily be the actual expenses of the company, but may be regarded as the company's best estimate. On this basis the effect of the expenses would be to reduce the investment return on the premium by x per cent.

The reduction in yield refers to charges and expenses which are expected to be made in respect of the contract, and have been calculated on the basis laid down by Lautro. Assuming:

1) the contract is not terminated before the end of the contract period; and

2) the rate at which charges or expenses will be made in respect of the contract continues unchanged during the period, the deduction to be made in respect of these charges or expenses may be expected to reduce the investment return by an amount approximately equal to that reduction in yield figure.

If any withdrawals are made from the contract, the actual reduction in yield will be higher than the reduction in yield figures shown."

This is meaningless jargon for most people and will leave even the most intelligent layman none the wiser.

The Office of Fair Trading opposed SIB disclosure proposals on the grounds that they were anti-competitive, but it might also have attacked on the grounds that they have to be comprehensible.

Nevertheless, John Redwood, the Minister for Consumer Affairs, has made it clear that he intends to give these rules a

Effect of expenses - specimen values	Reduction in investment yield		10 years		Term		40 years	
	10 years	Term	10 years	Term	10 years	Term	10 years	Term
Contract monthly premium	£30	£100	£30	£100	£30	£100	£30	£100
Low cost endowment (a)	2.5%	2.1%	1.1%	0.9%	0.8%	0.5%	0.5%	0.5%
Personal pension (b)	3.3%	2.7%	1.8%	1.5%	1.3%	1.2%	1.2%	1.2%

assumed investment return of (a) 7% per annum, (b) 8.5% per annum; Source: Scottish Amicable

long trial period. So, perhaps, it is better to concentrate on how the present complex disclosure rules work.

First, the value of the yield reduction x will vary by term, by size of premium, by type of contract and, above all, by the level of commission paid. The accompanying table shows the effect of these factors on the level of expenses.

Charges on pension contracts are higher than for life contracts because life companies get tax relief on the expenses of life business. However, this is more than offset by the underlying pension funds not being taxed as are life funds.

The underlying reasons for disclosing expenses were:

1) to inform the investor of how much of his/her investment will be taken by the life company in charges and expenses;

2) to identify which life companies have high expenses.

So will this disclosure achieve these two aims? The answer is "no" in both cases: at least not directly.

For most investors, the disclosure will be meaningless as such, even when they find the information among the mass of verbiage. The only adequate way to convey the effect of expenses and charges is to show the effect on the ultimate fund accumulated at maturity, compared with a notional fund assuming there were no expenses.

This approach was used by the magazine *Money Management* in both its annual review of unit-linked endowments which appeared in its April issue (it was discussed in *Finance and the Family* at the time) and in its personal pension review last October.

However, anyone with a knowledge of compound interest, and a pocket calculator that has a compound interest function, can approximately convert the reduction in yield to a reduction in the ultimate fund.

Provident Life has produced a "ROY-RIF" conversion table which enables an investor to convert the reduction in yield figure to a reduction in fund. The conversion throws up some interesting results.

For example, consider a personal pension contract taken out by a man aged 40 paying annual premiums of £1,000. Under the Lautro illustration

basis at 13 per cent investment return the accumulated fund at 65 would be £145,000.

The expenses assumed in the illustration represent a reduction in yield of 1.2 per cent, an expense level which very few life companies can beat.

Using the ROY-RIF conversion table, this represents an 18 per cent reduction in the fund value, and would result in an accumulated fund of around £117,000 if no expenses had been deducted. So the expenses have reduced the fund by £28,000.

Second, the information will not immediately reveal the high and low expense companies, simply because there is no single expense figure, as indicated by the table.

It is going to be "horses for courses" with some companies cheaper than others for some contracts and dearer for other contracts. Eventually a pattern should emerge on the expense level for life companies, but it will take time.

The trend in a life company's expense levels over time will be extremely useful. The disclosure figures will be most useful for those independent advisers which have in-house research departments, and the facilities to collect and analyse such data.

However, this disclosure, as such, will fall far short of the stated objectives of David Walker, the chairman of SIB, and Sir Gordon Binnie, the director general of the Office of Fair Trading, that it should provide a quick and easy means of individual investors differentiating between life companies.

John Edwards

New terms for SAYE share schemes

THE GOVERNMENT plans to improve the terms of Save As You Earn (SAYE) employee share option schemes as part of its overall strategy to encourage long-term savers and wider share ownership.

Richard Ryder, economic secretary to the Treasury, said the Finance Bill, currently going through Parliament, will include provisions for paying higher rates of tax-free interest on PAYE schemes. But the higher rates will apply only to new contracts, not existing schemes.

The guaranteed bonus paid on completed five-year PAYE contracts will be raised from 12 to 15 monthly contributions which is equivalent to increasing the interest rate from 7.51 to 8.86 per cent tax free. On contracts held for seven years, the bonus will go up from 24 to 30 monthly contributions, raising the equivalent interest rate from 7.55 to 9.15 per cent tax free.

The cumulative total of the monthly contributions plus bonus can then be used by the employee to buy shares in the company at the option price fixed at the beginning of the contract. The option to buy can be exercised at the end of five or seven years. If the share price has fallen instead of going up, then the employee can take the tax-free cash.

However, if the employee decides to withdraw before the end of five years, no bonus interest will be paid within the first year and from year two to five the interest rate is only 5 per cent tax free, but from the starting date.

The maximum monthly contribution will stay at £150, but banks as well as building societies and National Savings will be allowed to offer SAYE contracts. Maggie Whitmore, corporate business manager of Yorkshire Building Society, welcomed the change, saying interest rates "had become a bit out of sync."

John Edwards

Disclosure figures will fall far short of the stated objectives

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Equity scheme 'has its limits'

THE ABBEY Life Group this week announced a new development in protected equity investment.

Its new authorised unit trust, Global Growth and Security Trust, effectively guarantees that the bid price of the units will not be less than the price 12 months earlier.

The theme of this trust follows the basic strategy for all similar schemes: the downside potential loss when the market falls is restricted or eliminated at the expense of the upside equity growth being restrained when the market rises.

But what is new is the flexibility provided by using futures as the means of providing protection. The use of options, for example, normally means the guarantee only applies for a specific period, but with the new Abbey product the guarantee applies all the time.

Global Growth and Security Trust operates as a normal unit trust with investors able to buy and sell units whenever they want. There is no specified offer period or confined investment term.

To provide this running

guarantee, Abbey Life has developed what they refer to as "progressive dynamic hedging." The strategy is to change the proportion of equities and cash in the portfolio as market conditions alter to ensure the overall value of the portfolio does not fall below a minimum level. Abbey Life has refined this technique to ensure that it can provide the day-to-day series of minimum levels by replacing cash with futures and by introducing bonds into the mixture. Equity investment is on a global basis, with

the managers having indexed funds in each of the major stock markets.

The current benchmark for the active, non-cash element is as follows: 25 per cent UK equities, 20 per cent US equities, 20 per cent Japanese equities, 30 per cent UK gilts and 5 per cent Europe and Far East equities. Such an investment mix, in itself, would generally produce a rather steady investment return. But investors have to pay the penalty for the cost of the guarantee in the form of a reduction on this steady return.

The price can be expensive with a return of only 40 per cent of the overall equity return on the active portfolio, when the cash element is high, to no penalty at all when the fund has little cash. On average, Abbey Life expects investors to receive around 70 per cent of the overall return, meaning that 30 per cent of the yield will be sacrificed to pay for a guarantee that is not watertight.

It could not be kept if the overall global equity market fell 16 per cent in a day (something that has never happened, even on Black Monday in October 1987) and the managers cannot deal on that day.

Minimum investment is £1,500. The charges are 6 per cent initial and 1.25 per cent annual management fee - normal for life company based unit trusts, but still on the high side.

While, Abbey Life has made the guarantee quite flexible, it has not solved the inherent defect of such products - that of the cost of the guarantee being unacceptably high.

The attitude of the promoters of such schemes is that of half a loaf is better than none. But the public attitude towards equity investment is still that of wanting their cake and eating it.

John Edwards

A defect is the unacceptably high cost of the guarantee

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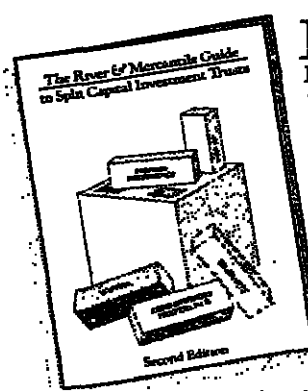
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Eric Short

Split Capital Trusts. The sequel

Last year, River & Mercantile's definitive Guide to Split Capital Investment Trusts was received with great acclaim.

Many investors, large and small, found this simple, easy-to-understand guide an enormous help in understanding this unique sector of the stockmarket and in deciding their choice of investment.

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Regardless of whether you're a large or small investor, or whether your main aim is income or capital growth.

It includes details on the rapid development of the split capital sector and an explanation of a new variant dubbed the 'hybrid' investment trust.

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Telephone: 071-405 7722.

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Hitch for Pep water shares

INVESTORS who transferred their water company shares straight into a personal equity plan (Pep) immediately after privatisation could be facing some difficulties when payment of the second "call" of 70p falls due by July 31.

Under Pep regulations, any further payments due on partly-paid shares have to be made from a Pep containing the original water shares. So investors could face a problem if they have already taken out a 1990-91 Pep with a different company from the 1989-90 Pep containing their water shares. To pay for the second (and third) instalments you will have to sell existing holdings in the 1989-90 Pep. But you will need to act quickly to make the sale before the stock exchange quotation is altered before July 31 to take into account the second share quotation call.

If you have not taken out a 1990-91 Pep, you can use this to pay for the second call of your water shares, but with the proviso that it must be with the same plan manager. Although you can, in theory, change plan manager, it would probably be impossible to achieve such a transfer before July 31.

John Edwards

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Since share values can fall as well as rise, an investor may not get back the amount invested. Past performance is not necessarily a guide to future performance.

*Source: AFTC Figures show the share price total return (income reinvested) to 31.05.88. International Capital Growth Sector.

†Source: The Monks Investment Trust PLC Annual Report 1989.

FINANCE & THE FAMILY

Diary of a Private Investor

The UK needs to focus more on small company share trading, possibly by imitating the US model, says Kevin Goldstein-Jackson

Frustrations of a would-be equity market trader

DOES BRITAIN need another stock exchange more geared towards the private investor? I ask the question following recent publicity given to complaints about the lack of liquidity on the London Stock Exchange, in the shares of small companies in particular.

In fact this is nothing new in my experience. In recent years I have found it difficult not only to sell shares, but also to buy shares even though I was prepared to offer a premium price above the officially quoted price on the exchange.

There seems to be something wrong with the present system if it prevents offers to buy reaching potential sellers, and vice versa. For example, in June 1987 I tried to buy 1,500 shares in a company called R W Toothill.

It had a full stock market quotation. The company made modest profits manufacturing fire surrounds and upholstered furniture, but it had some good property assets. The shares were quoted in the FT at 310p, yet I felt the assets were probably worth nearer 500p.

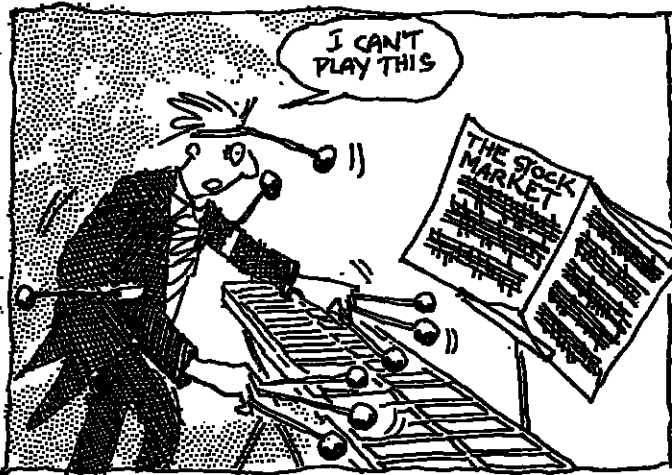
I therefore asked one of my brokers to pay up to 330p each for 1,500 Toothill shares. He could not buy at that price.

A few days later I asked the broker to offer 350p per share.

The price quoted in the FT was still 310p - but no Toothill shares were available at 350p. Why? I wrote to Toothill's company secretary who replied: "Shares are available for purchase, but due to their scarcity, many investors are buying small parcels as and when available, sometimes over a period of several weeks or months."

But did all the holders of Toothill shares know I was offering 350p per share, when the quoted price was still 310p? If they had, would they have sold me 1,500 of them? After two weeks of fruitless pursuit, I abandoned hope of acquiring Toothill shares.

In 1989 the Swedish company Adams offered 675p a share for Toothill, so I was right



about company's "hidden" value. Perhaps instead of trying to buy only 1,500 shares, I should have made an offer for the whole company?

An earlier experience was in August 1986 when I tried to buy a reasonable number of shares in timber importers J O Walker. The shares were quoted at around 230p.

I believed the company's assets were worth more than that. All my brokers could acquire - and for 235p per share - was a meagre 100 shares.

I still retain them, but have not added to my holding as the thought of paying 20 lots of broker's commission just to get 2,000 shares in 100-share parcels, spread over many months, was not exactly appealing. The shares are now quoted at around 360p.

In 1988 I managed to buy some shares in British & American Film Holdings for 183p each. In May this year the FT reported that dealings in the shares in this fully-quoted company had taken place at 600p each. Shortly afterwards, I received the company's 1989 annual report. The chairman's statement included the comment that the net asset value of the shares, "excluding film rights," was 764p per share. I knew that the film rights

included feature films like *The Day of the Jackal* and the Oscar-winning *Oliver!* Perhaps it was time to buy some more of the company's shares. I thought, so earlier this month I asked my personal equity plan managers, NatWest Bank, to buy some British & American Film Holdings shares for my own and my wife's FEP.

NatWest has been very good at acquiring shares in small companies for my FEPs. For example, they have managed to buy shares in H C Slingaby, which only has 1m issued shares.

Unfortunately, although the bank tried for almost a week, NatWest was unable to acquire any shares in British & American, despite offering well over 600p.

I look forward to the day when the stock exchange puts into effect one of the recommendations of its Elwes Report: a public order limit system in which brokers will be made continually aware for a week or more of my interest in a particular company and perhaps be persuaded to do a deal for one of their clients.

Either that, or get a market-maker to realise the price he is indicating is much too low and thus quote a more realistic price, to the benefit of all the shareholders in the company.

Perhaps a more radical solution, however, would be to start a new UK market party based on the lines of Amex, the American stock exchange.

Amex, which competes with the giant New York stock exchange, handles more business for individual private investors than for institutions and likes to regard itself as the natural home for growth and mid-size companies. It is already planning links with other exchanges to provide a worldwide trading system for equities and options 24 hours per day.

A new British market could also specialise in small and growth companies, have worldwide links with "No 2" exchanges like Amex and Vancouver, and, by starting from scratch, would not be burdened by a vast army of "support" staff and bureaucracy. Its rules could be simple.

All brokers would be required to deal with private investors. Companies quoted would also be allowed to make markets in their own shares via the exchange. Computer screens would automatically display all purchase-sale requests; for example, a private investor like myself who is willing to pay up to £1 each for 5,000 shares in a specified company.

This might then jog a broker's memory that he is holding in a trust for his old Aunt Agatha 5,000 shares in that company which he thought were unsellable without knocking down the price, and yet here is a man who is willing to pay £1 each for them.

At the same time, it would draw the attention of other brokers to the possibility that the company concerned might be undervalued and perhaps they should buy some shares in it for their own clients. Thus, interest in such companies should greatly increase.

Perhaps, with the approach of 1997, some wealthy Hong Kong Chinese might like to set up such a new exchange in Britain?

WHEN YOU read about the sale of sporting estates in Scotland, the purchaser is usually either an immensely rich man from the City or a property company with plans for development. Unless that includes parcelling up the salmon fishing into time shares, the sums involved are quoted in millions, sometimes with two digits, and most people are left fantasising.

However, financial ingenuity knows no bounds. It is now possible to buy, for £10,000, a bond which should translate into the right to use the sporting facilities and accommodation on three Scottish estates - one in the Borders, one in central Scotland and the third in the Highlands.

At this point it is necessary to reveal that these estates do not yet exist: the purpose of the scheme, which goes by the name of Lairds Heritage, is to raise up to £10m in order to purchase three properties which meet a detailed specification.

Anyone who has spent a week or two in wellingtons on a Scottish estate knows what they can offer: shooting, fishing, and a holiday in season for the grown-ups, mucking about in boats for the children, picnics by a burn, hill-walking, even riding. Then there is the house party in the lodge, or self-catering for the family in a cottage up the glen.

Under the Lairds Heritage scheme, to be officially launched next week, the individual life assurance contract with Albany International Assurance, an Isle of Man-registered life assurance company which is a subsidiary of giant

Be a laird for a low price

US group, Metropolitan Life. The bond would entitle a couple to priority booking of accommodation in any of the three estates in the period of their choice.

The bond holder may reserve accommodation with country club-style 24 hour service in the lodge, or in a self-catering cottage. He or she can book fishing, shooting, stalking or - if Lairds Heritage buys a property on the west coast seaboard

Twenty-five per cent of the funds invested will be kept on deposit or invested in fixed interest securities. The bond itself will be tradeable on a monthly basis. For UK residents net proceeds from the sale of the bonds will be liable to income tax. Separate terms are available for corporate investors.

Albany International will own the estates, leaving the management to Lairds Estates.

James Buxton reports on a novel plan in which investors who purchase a £10,000 bond can buy a share in Scottish sporting estates

- mooring for a yacht.

The bond holder also gets the right to book further periods on a non-priority basis and has access to the estates 365 days a year to go walking.

There is a 4 per cent annual management fee and what the brochure modestly describes as "a small service charge" for "housekeeping expenses for accommodation, consumables such as ammunition on specific activities, specialist instruction and food and beverages." When Lairds Heritage buys an estate, a fee of 2.5 per cent of the purchase price will be levied.

This makes it different from a timeshare, where the owner has title to a fixed period on the property.

Lairds Estates is being marketed through independent financial advisers on an open offer basis, closing August 11. The aim is to get 1,000 investors.

Alaric Stanton of Lairds Estates, who has previously worked in hotel management, stockbroking and forestry, acknowledges that Scottish estates do not come on the market with the same regularity and relative homogeneity as semi-detached houses.

He envisages, for example, buying for £2.5m a 6,000-acre highland estate with a 12-room, five-bedroom shooting lodge, a five-bedroom farmhouse and five cottages. It would offer 2,000 acres of grouse shooting and stalking, a hill loch, five miles of river fishing for salmon or trout, woods, walled garden and greenhouses. There would be stabling for horses. The company would invest in improving the accommodation and would manage the property.

To the outside observer, the number of estates having all these facilities on a relatively small acreage has always seemed small. And it looks a complex task to manage an estate offering all these facilities to a large number of investors, exercising their rights in areas like shooting and fishing where the risks of disappointment are high.

But Stanton does not seem daunted. He believes that by getting the investors to state the type of activity they are most interested in, he can buy properties to suit them.

As to the question of satisfying the guests, "Don't forget that I've been in the hotel business," he says the total number of investors is relatively small and in due course will become familiar to the management.

Investors may not surrender their bond for the first year. If no estates are bought, Stanton says, they will receive their money back, subject to charges, offset by interest on offshore investments.

Details from: George Square Fund Managers, Nobel House, Linlithgow, West Lothian, EH 49 7HU.

No tax break on a pied à terre

AS THE chairman of a provincial company I frequently have to stay overnight in London. To cope with this I recently acquired a small flat in the city.

Is there any way in which I can persuade a reluctant inspector of taxes that there is a business element in its costs? I dislike London and go there only when absolutely necessary, but I argue that since the flat is available for my personal use throughout the year, no expenses can be claimed, not even what my company for many years has been paying in hotel expenses, now eliminated.

He has refused all my suggestions, such as a modest sum per night used for business or any form of upkeep, with the result that the company is saving its previous costs and I am everything personally.

I am sorry to say that your tax inspector appears to be quite correct in his or her interpretation of the notoriously narrow rules for deduction of expenses in schedule E assessments (section 198(1) of the Income and Corporation Taxes Act 1988). The company's accountants will be able to explain the schedule E rules, if need be.

Charity job allowances

I RETIRED early from business and have been, for approximately one year, in paid employment with a car working for a national charity from my home.

When filing my tax return I propose to:

1. Claim £500 per annum nominal cost for use of a room at home as an office, since 90 per cent of the use of this room is for the charity work.

2. Claim £500 paid to my wife, which I have already paid into her bank account, for answering the phone, dealing with the post, taking messages and typing.

3. To request that I do not pay tax on the personal use of my office car as I do not use it for private purposes having purchased my former, much better, company car.

Do you think I will succeed with these proposals, and if not why not?

Unfortunately you forgot to tell us the crucial point, namely whether yours is an "employment with emoluments at the rate of £2,500 a year or more" as defined in section 167(2) of the Income and Corporation Taxes Act 1988. We shall have to assume that it is, in which case our answers are as follows:

1. If the terms of your contract of employment require you to work at home and to bear the expense of doing so, then a properly calculated portion of the heating, lighting and rates bills (but not the community charge) should be deductible under section 198(1) of the Taxes Act 1988.

2. If the terms of your contract of employment require you to employ a person to answer the phone in your home, and to bear the cost of doing so, then section 198(1) may be satisfied. It is unlikely, however, that this is in fact the case: it is a pity that you did not give us details of your job specifications etc as incorporated in your contract of employment.

Your wife will of course be assessable under schedule E on the £500, regardless of whether

it is deductible in your own schedule E assessment.

3. If the terms of your contract of employment expressly prohibit you from using the car for journeys other than those which satisfy the tax definition of business use - "travelling in the performance of the duties of the... employment" - then there should be no scale charge under schedule 6 to the Taxes Act 1988.

Otherwise, the mere fact that the car is available triggers the scale charge: the fact that you do not choose to take advantage of the availability of the car is irrelevant, under section 157 of the Taxes Act (interpreted in accordance with section 168(5)). You may find that you would be better off if your employer did not provide you with a car, but merely reimbursed your tax-deductible travelling expenses.

Redundancy pay split
I INTEND to take voluntary redundancy, which will amount to about £70,000. My wife has no earned or unearned income. If the payment were split, say, £27,000 to my wife and £43,000 to myself, will this arrangement be efficient for tax saving under the new rules for independent contractors?

And does my employer have to pass the payment in excess of £20,000 through PAYE? If not is there any legal or tax reason why my employer should not agree to split the payment at my request?

On the bare facts outlined, the whole of the non-statutory payment falls within the charge to tax under schedule E (under section 569A of the Income and Corporation Taxes Act 1988), section 674A of the Taxes Act (in connection with section 685(4A)(b)) will frustrate any attempt to avoid tax by means of a diversion of part of the payment to your wife.

It is possible that your employer has persuaded the Inland Revenue to grant you the benefit of the extrastatutory concession set out in

statement of practice 1/81 (Nonstatutory redundancy payments). If so, PAYE tax will probably be deducted only from the excess over £20,000. If not, PAYE tax will be deducted from the whole of the non-statutory payment. Any attempt to exploit the concession could backfire: the booklet of formal extrastatutory concessions (which does not include SP/81) carries the warning: "A concession will not be given in any case where an attempt is made to use it for tax avoidance."

Not exempt from CGT
MY HUSBAND died in 1985. He left me our house, worth now about £200,000 but bought in 1951 for £3,150. I want to leave the house when sold on my death to my daughter, who in 1986 bought her own house.

My solicitor in 1988 (January) altered the deeds on my property from my sole name to avoid either Capital Gains Tax or Inheritance Tax. Does this mean that if I survive seven years from 1988, she will be exempt from Inheritance or Capital Gains Tax? If not, what suggestion can you make to achieve this?

If you are living in the house but your daughter is not, we doubt if any Inheritance Tax saving will be effected, as the gift to your daughter in 1988 reserved a benefit (residence) to you.

There is little or nothing in practical terms that you can now do to reduce tax on the

Q&A

BRIFCAGE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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Deeds of sentiment

SOME YEARS ago I bought a house and registered the title with the land registry. I kept the original deeds as they were antique and very attractive. I recently sold the house, conveying it myself. The sale has been completed, but to my surprise the purchaser's solicitor has asked me to deliver the pre-registration deeds and documents. I do not want to withhold them if there is any legal or even moral obligation to hand them over, but if there is no such obligation I would like to keep them for their sentimental value.

You are probably not obliged in law to hand over pre-registration documents of title which are not referred to in the entries on the Register.

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INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for 25% 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK						
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000
High interest cheque	9.20	9.60	7.68	monthly	1	5,000-24,999
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999
High interest cheque	9.80	10.00	8.00	monthly	1	25,000-49,999
High interest cheque	10.20	10.70	8.56	monthly	1	50,000+
BUILDING SOCIETY						
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000
High interest access	9.00	9.00	7.20	yearly	1	500
High interest access	9.75	9.75	7.50	yearly	1	2,000
High interest access	10.25	10.25	8.20	yearly	1	5,000
High interest access	10.50	10.50	8.40	yearly	1	10,000
90-day	10.25	10.51	8.41	half-yearly	1	500-9,999
90-day	11.00	11.50	9.05	half-yearly	1	10,000-24,999
90-day	11.50	11.89	9.46	half-yearly	1	25,000+
NATIONAL SAVINGS						
Investment account	12.75	9.58	7.65	yearly	2	5-25,000
Capital bonds	13.50	10.12	8.10	monthly	2	2,000-25,000
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.
36th issue	9.50	9.50	9.50	not applic.	3	25-100
Yearly plan	9.50	9.50	9.50	not applic.	3	20-200/month
General extension	5.01	5.01	5.01	not applic.	3	-
MONEY MARKET ACCOUNT						
Schroder Wagg	10.82	11.37	9.10	monthly	1	2,500
Provincial Bank	11.02	11.59	9.27	monthly	1	1,000
UK GOVERNMENT STOCKS						
3pc Treasury 1991	12.57	10.88	8.83	half-yearly	4	-
5pc Treasury 1992	12.81	10.74	8.95	half-yearly	4	-
10.25pc Exchange 1995	11.85	9.18	7.58	half-yearly	4	-
8.5pc Treasury 1994	12.19	9.91	8.54	half-yearly	4	-
3pc Treasury 1992	10.00	9.28	8.79	half-yearly	4	-
Index-linked 3pc Treasury	13.95	11.40	11.08	half-yearly	2/4	-

*Lloyds Bank, Halifax 90-day, immediate access for balances over £5,000.†Special facility for extra £10,000.‡Source: Phillips and Drew. §Assumes 5.5 per cent inflation rate. ¶Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

CLOSES IN 9 DAYS OFFER CLOSES IN 9 DAYS OFFER CLOSES IN 9

BRITISH COAL PENSION FUNDS

FINAL OFFERS
BY
CITYSTONE ASSETS PLC
FOR

GLOBE INVESTMENT TRUST P.L.C.

205p

ACCEPTANCES TO BE RECEIVED BY NO LATER THAN

1.00PM ON MONDAY 9th JULY, 1990

Should you wish to sell your shares to us for CASH NOW rather than accepting our offer, please instruct your stockbroker or bank to contact Barclays de Zoete Wedd Securities Limited.

Barclays de Zoete Wedd Securities Limited was instructed on 20th June, 1990 by Citystone to purchase up to 95 million Globe Ordinary shares (17.64 per cent of Globe Ordinary shares) on its behalf for immediate cash settlement. What this order currently remains open, Citystone reserves the right to change it in any way without further announcement.

The issue of this advertisement has been approved by duly authorised committees of the directors of British Coal Staff Superannuation Scheme Trustees Limited ("the Staff Superannuation Scheme Directors") and of the trustees of the Mineworkers' Pension Scheme and of the directors of Citystone. The Staff Superannuation Scheme Directors, the trustees of the Mineworkers' Pension Scheme and the directors of Citystone (all of whose names are given in the Original Offer Document) accept responsibility for the information contained in this advertisement. To the best of the knowledge and belief of the Staff Superannuation Scheme Directors, the trustees of the Mineworkers' Pension Scheme and the directors of Citystone (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The issue of this advertisement has been approved by Barclays de Zoete Wedd Limited for the purposes of Section 57 of the Financial Services Act 1986. Barclays de Zoete Wedd Limited is a member of The Securities Association.

CLOSES IN 9 DAYS OFFER CLOSES IN 9 DAYS OFFER CLOSES IN 9

Homing in on pride of place

Historical research into buildings is a lucrative concern, writes Roy Hodson

A SURPRISINGLY high number of people in St John's Wood cling to a belief that Lily Langtry used to live in the house next door, says historian Penny Olsen.

It is notions like that which endear people to their homes and encourage them to find out more about them - whether the house is a villa in the leafy London suburb of St John's Wood, or a stately pile in the country.

Such curiosity has been good for Penny Olsen's business. In three years she has built a one-woman practice called The Research Workshop. It has rapidly grown to provide a fee income of £100,000 a year.

'I began to inquire whether there was a need for historical profiles of buildings'

Her work is highly specialised. It involves researching and writing histories of commercial buildings and private houses.

The idea for The Research Workshop came through external university studies. Marrying soon after leaving school, she devoted herself to bringing up her three sons, now aged 15, 17 and 14. She also entered into a three-year stint with an Open University course, getting up early to watch television lectures in her Highgate home and fitting in study when time allowed.

She wrote a thesis on the history of an early 20th century building and chose Michelin House, now the Courant Shop, at the corner of Sloane Avenue and Fulham Road, as a good example of a commercial building of architectural and design merit, commending its rare and beautiful terra cotta panels of scenes from the early days of motoring.

She was surprised and flattered when her thesis later appeared in a well-produced planning application submitted to the local council seeking to alter the building for conversion to a store.

Penny says: "It made me realise

there was some potential in this work. I began to inquire among my friends in the property world (her father had been in property) whether there was a need for historical profiles of buildings. Soon I had won a couple of commissions."

Her first work was providing profiles for architects and property companies to help give historical depth - and possibly more credence - to planning applications. She nervously charged £30 an hour for her services.

She had to learn how to use a word processor and tackle basic accounting and book-keeping to run a business and successfully applied for an £800 government grant to learn word processing and take a course in marketing.

In the early days, she offered her historical research service to house owners as well as to the business world. She employed her sons to pop leaflets through letterboxes in her part of north London. There was an immediate response.

Before long she found herself travelling all over Britain and sometimes to Ireland to see houses. She spent many hours burrowing in council archives and local libraries. It was time to charge a realistic range of fees.

She settled on a standard £750 plus expenses for a history of a private dwelling, which usually runs to 12 or 15 pages together with maps and illustrations, although some householders request their reports be expensively bound to adorn the coffee table.

An earlier job teaching at the College of Fashion in Highgate had paid her at the rate of £12 an hour. But when commercial work started to flow in she quickly reassessed her fee levels. She realised she could charge more to ensure she made a reasonable profit at the end of the day.

"I thought my original £35 an hour was horrendously high," Penny aged 41, says. "But when I started working with property companies, I realised that to survive with a one-room office in the West End I had to charge much more."

She now gives a prospective client an estimate of the time she will have to spend on an assignment at



Historian Penny Olsen in her office in the West End

her rate of £100 an hour plus expenses. As word of her special services spread, commissions from the business world quickly overtook her private house work. Now 80 per cent of her histories are ordered by commercial companies.

Towards the end of her first year, she was asked to research and write the history of the London Pavilion, in Piccadilly Circus, during its restoration.

Her work finally appeared as a hard-back presentation book commissioned by Grosvenor Square Properties. Beginning in the 16th century when the Pavilion site was a green field, it amounts to a history of Piccadilly Circus over four

centuries. Penny Olsen's turnover rose from £15,000 in the first year, to £35,000 in her second year, to £100,000. But she realises her resources have reached their limit for a one-woman business and must expand.

She is now putting together a team of part-time researchers. They are professional people who share a love of ransacking archives and include a doctor and a freelance journalist. She also plans to take on a full-time assistant.

Penny Olsen, The Research Workshop, 12 Bedford Street, W1E 3EA. 071-855-2360.

Small screen, big ideas

Antonia Sharpe reports on a new cinema at Richmond

DEMAND in London for more art and cult films has prompted a young film producer to set up a small cinema in Richmond with funding from the Business Expansion Scheme.

Philip Knatchbull, 28, son of the film and television producer, Lord Brabourne, chose the location after market research showed that the three-screen Odeon in Richmond was one of the most successful local cinemas in the country.

"There is more than enough demand for another cinema in Richmond," he explains. "What's more, we will offer a product which will not compete with the Odeon."

The Richmond Filmhouse, which opened on June 22 with a first-run release of Pat O'Connor's *Fools of Fortune*, aims to cater for residents of this well-heeled suburb and also to attract regulars of other independent cinemas in London which specialise in art films and foreign productions.

It has taken Knatchbull and co-founder John Hardy, 40, five years to get this far. The site was found in June 1985 in the basement of a riverside building which was being redeveloped into offices. They fought a lengthy battle with the landlords, who wanted to use it for an underground car park.

Planning permission for the redevelopment included provision for a cinema shell but the landlords applied to the council for a change of use, arguing that a cinema would not be a viable operation. In 1986, film attendance was at an all-time low in the UK, although it has since doubled to 100m a year.

Campaigns by Knatchbull and his associates, and a rival group headed by the owner of the independent London Screen cinemas, led to a public inquiry in October 1987. The inspector ruled in favour of a cinema shell but the landlords found. After presentations by the two contenders, Knatchbull's group won.

A 21-year lease and a peppercorn yearly rental was secured following further delays and protracted negotiations. The company is banking on a conservative annual gross profit of about £50,000 before tax, depreciation and interest.

Admission to the plush cinema with state-of-the-art sound and projection will be £5 a ticket, £1 more than the local Odeon. A target of 70,000 admissions a year will earn £350,000 from the box office. An average 65 per cent will be retained and the remainder will go to the distributor. The bar and confectionery kiosk should generate another £22,000 and six minutes of screen advertising will guarantee at least £15,000 a year.

Another £10,000 is expected from a free, 10,000 circulation monthly magazine with eight pages of film comment and listings and eight pages of advertising.



Philip Knatchbull, co-founder of the Richmond Filmhouse

Richmond, David Putnam, and Sir Donald Gosling. The architects and building contractors relinquished payment in return for a 15 per cent stake in the cinema.

The final obstacle was gaining BES approval from the Inland Revenue. The company did not initially fulfil a BES requirement that not more than 50 per cent of the investment must be in the property and at least 60 per cent must be fixtures and fittings and other costs. That was resolved by taking out a loan of

A target of 70,000 admissions a year will earn £350,000 from the box office

£50,000, which also completed the financing required.

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Labour, budgeted at £90,000 a year, is expected to be the single most expensive cost. A general manager and three assistant managers, who will train in projection, will be employed. An automated projection system will help increase staff efficiency.

The second-largest expense is film rental. When negotiating contracts with the distributor, Richmond Filmhouse also has to guarantee a minimum run.

Knatchbull has picked up hints on cinema management from his involvement with the new three-screen Greenwich cinema which opened last September. He is a director of Film Network, which operates the cinema in conjunction with the local council.

One of the most important early battles for a new cinema is negotiating the level where box office earnings cover overheads. Until that break-even point, the cinema keeps 75 per cent of the takings, but above it the distributor takes 90 per cent.

The company is also trying to ensure that Richmond Filmhouse is not buried under the heading "local cinemas" in the entertainment sections of newspapers and magazines.

"We will be booking first-release films concurrently with West End cinemas," Knatchbull says. He is confident that the company will be able to pay back the shareholders' investment by the end of five years, the minimum for a BES project.

Knatchbull is also investigating a second site, scouting the provinces for another prosperous area which is not properly serviced by a cinema.

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PERSPECTIVES

Forcing science from its ivory tower

Sir George Porter, president of the Royal Society, is looking forward to joining the House of Lords, Christian Tyler reports

THE RELEASE this week of China's most prominent dissident, the astrophysicist Fang Lizhi, was indirectly a tribute to the high reputation that British science still enjoys around the world.

Prof Fang's escape, after a year's asylum in the American embassy in Peking, may have been part of a wider diplomatic deal. But it was largely engineered by the head of the British scientific establishment, Sir George Porter, president of the Royal Society. It is not the first time that Sir George has used his own high-level contacts and the prestige of his historic office to rescue colleagues in distress.

Five years ago he went to Moscow demanding to meet the most famous dissident scientist of them all, the late Andrei Sakharov, then suffering internal exile in Gorki. The demand was refused, but Sakharov was freed shortly afterwards.

"We regard it as part of our job to see that scientists are not prevented from doing their science by political problems," Sir George said this week.

It was his understated way of acknowledging that his profession - the most international of all professions - has always been able to live to some extent above the political fray. Sir George recounts, for example, how one of his predecessors, Sir Humphry Davy, was rapturously received in France and awarded a medal by Napoleon at a time when the two countries were still at war.

Their lofty detachment may have given scientists great influence on the world stage, but it has greatly weakened their authority at home over the years. Sir George believes he is helping to change all that. Asked if the two cultures in Britain are at last being bridged, he replied, "I think it's going to happen."

The Nobel Prize winner ennobled in the June Birthday Honours (he acquires the title after it is gazetted) is a grammar school boy from the South Yorkshire coalfield. Grandfather Porter was a miner-turned-builder in Worsborough Dale, where Arthur Scargill now lives, and the



Sir George Porter: Asked if the two cultures in Britain are at last being bridged, he replied, "I think it's going to happen."

eight sons all followed their father into the trade. The grandson, now nearly 70, is short, neat, untanned and fit-looking, deliberate in manner and speech but without the pugnaciousness you expect in Yorkshiremen. Sir George lost his class badge when he became a naval radar officer in the war and his accent when, as he

put it, he learned to speak proper English. Speaking from the cross benches of the Lords, Sir George will be campaigning for a broader understanding of science among Britain's opinion formers and legislators. "The country is run by people who have no scientific education whatever. There are exceptions - and of course Mrs

Thatcher is one." How much of an ally had the Prime Minister really been? She was genuinely interested in science, Sir George said, but her enthusiasm for good house-keeping and balancing the Budget meant that science had certainly not enjoyed preferential treatment during her administration. Some of her ministers, on the

other hand, were definitely "anti-science." But the fault is not all on one side. Scientists, too, are narrow. Sir George learned nothing formally after the age of 14 apart from chemistry, physics and maths. "The fault lies with scientists as much as everyone else because of their rather snobbish attitude towards the public," he said. "They are not as bad as doctors, but they have a bit of a vested interest in showing how clever they are. Anyway, the weaker ones do." How, then, did he repair the damage to his own education? "It was no problem, because I can read," he replied sharply.

As he embarks on the last stage of his career - he gives up the presidency of the Royal Society in November - Sir George finds himself particularly well placed to force an engagement between scientists and the public. He won the Nobel Prize for his work on flash photolysis, the technique of photographing, at intervals of less than a billionth of a second, the behaviour of molecules during chemical reactions. The technique allows scientists to watch exactly what is going on in, for example, the cone layer. His present research interests are solar energy and photosynthesis, both relevant to finding solutions to the problem of global warming.

Events have conspired to give Sir George the platform he needs and other scientists the incentive to come down from their ivory towers. Voters are worried about education and public health, industry is worried about its technological competence, and the Government is worried about the state of the planet. As a start to re-educating the public and its legislators, Sir George has made special efforts to ensure that his own administration is in tandem with the British Academy, the Royal Society's equivalent for the

humanities. He says children should take five A-levels, or a combination of A and AS levels depending on their ability, of which one should be a science and one a foreign language.

He recognises that it will be difficult for teachers. (Oxford University researchers this week reported that what most primary school science teachers know about basic physics is about 600 years out of date.)

Meanwhile the Parliament faces ever more difficult ethical decisions as it tries to legislate for advances brought about by science itself in an increasingly secular society. The Royal Society intervened quite forcefully in the recent debate on human embryo research (Sir George does not like the word "lobbying"). There were meetings with Cabinet ministers, briefings for MPs and peers and the night before the House of Lords decision, John Habgood, Archbishop of York, was a guest of the Society at Carlton House Terrace.

Although brought up in a severely Methodist household, Sir George has no religious views. "In any traditional sense, I am a Christian," he says. "I believe in the Christian view that seems to have been reinforced by the sight of the Roman Catholic peers standing shoulder-to-shoulder to fight the embryo bill. 'They want children to be born that are not wanted and children not to be born that are desperately wanted. That is wrong. Not to do it (embryo research) would be wicked.' He places the blame for a lot of the world's problems - overpopulation, and hence environmental damage - on the Pope."

Important decisions were based on ignorance and on ethical principles that were not defensible, he said. To the sceptical Sir George, even the sanctity of life argument does not ring quite true. "They want to have some clear statement of what human life is, so they have chosen the moment of conception. But the sperm was alive, and so was the egg."

"My ethics are simply based. We should strive for the minimum human unhappiness - and for that matter the minimum animal unhappiness as well."

Despatches

The 'prisoners' who did not try to escape

FRITZ SEIFFERTH, the first democratic mayor since 1933 of Wustrow on the East German Baltic coast, had no time to get rid of Lenin's collected works on the bookshelf behind his desk.

Three hours after taking over from Horst Meier, his amiable Communist predecessor, the new Social Democratic (SPD) Bürgermeister spoke of the moral and physical debris he inherited: "On the surface Wustrow appears to be intact, but conditions within are deplorable."

A former fishermen's and seafarer's village, Wustrow is a glistening pearl on a chain of small resorts along the sandy, pine-wooded Darss peninsula. For the shallow-faced holidaymakers from pollution-ridden Leipzig, Halle and Dresden who stay in Wustrow's FDGB State Trade Union holiday home or camp nearby, breathing the Baltic's tangy air is like entering an oxygen tent.

But long before the workers came, Wustrow, together with neighbouring Niebelsdorf, was a shoo, attracted artists, businessmen and professional people from Berlin - physicist Albert Einstein was one - who spent carefree summers on Darss. Each change in the political order evicted old members of the privileged class and brought new ones into the gaily-painted, thatched-roofed houses.

A fenced-off installation in the dunes of Ahrenshoop bristling with antennae and radar dishes operated by the border troops was until recently off-limits to nearly every one. The high fences, with concrete posts angled inward at the top and strung with neat rows of barbed wire, were identical to those which divided the two Germanys. But they were also undeniably of the same design and construction as the fences erected 50 years ago around the Nazi concentration camps.

Leslie Colitt visits a watering hole for East Germany's intelligentsia

they did not stray off course and could be tracked by radar.

But few local people fled to the West from this corner of East Germany where the privileged class referred to as a *heile Welt* (infect world). Johannes R. Becher, the socialist bard of East Germany and its first Minister of Culture, had a home in Ahrenshoop near the seaside cliffs covered with blossoming hawthorn bushes.

Hermann Axen, a Politburo aide of Honecker, also had a summer home in nearby Born. He is awaiting trial on charges of personal enrichment together with another long-time summer resident of Darss, Gerd Götting, the head of the (East) Christian Democratic Party (CDU) who had a luxurious home in

Ahrenshoop.

Outside the Götting home an old man cackled "they lived off our money" and said Götting's wife still resided in the house. But the role of the "intelligentsia" - by Communist definition everyone who was not a worker or peasant - belonged to the socialist intelligentsia - was the most disturbing. They played an important part in propping up Communist rule and were granted special pensions and other incentives in return for remaining largely silent under the Stalinit system.

Among the perks, they paid only a nominal rent for their homes or had the chance to buy them at a ridiculously low price based on pre-war property evaluations. Most intellectuals complained endlessly but in private - about the leadership while remaining acquiescent until the system collapsed like a house of cards in the face of mass street protests.

The beautiful summer homes on Darss were a not insignificant factor in keeping their occupants in line. A lack of solidarity and a mistrust of one's neighbour was a further vital element in maintaining the totalitarian rule which began with the Nazi rise to power in 1933. A dense web of informers, first for the Gestapo and then the Stasi secret police, heightened the fear which caused East Germans to retreat into the privacy of their four walls.

Mayor Seiffert noted that he chose not to have a doorman on his house or to exchange more than a *Guten Morgen* with his neighbour. "I never really knew who he was

although we lived side by side for eight years," he remarked. It was only after the overthrow of the old order that they met at a Social Democratic gathering and learned of each others once privately-held views.

The political convulsions which had shaken Wustrow and all of Central Europe since 1914 had produced a highly-adaptable breed of citizen who changed his political spots with the prevailing order. "There are people here who have a bad conscience and others who have no conscience at all," the mayor observed softly. On a boat trip around the Bodden, the shallow bay behind Darss peninsula, a mild-mannered former teacher of German and Russian in her early 50s

confided to my wife that a world had collapsed for her last autumn along with the old order.

"I cried for days," she said. A church-going Protestant with no affiliation to the Communist Party, she nonetheless embraced the message of socialist equality as did many well-meaning East Germans. She devoted endless hours to her pupils at abysmal pay and was forced to retire with a disability. She had also firmly believed the official line that the West was using all its means to destroy socialism in East Germany.

She had only twice visited West Berlin before the Wall was built and even today she admitted to being afraid of having contact with West-Germans. My wife, herself a former

East German, tried to allay her fears.

The Bodden, once a rich fishing ground, was thoroughly polluted by wastes from the nearby plywood factory in Ribnitz. Its closure would mean the loss of many jobs. But Wustrowers are mainly worried about the possible shutdown of the town's merchant navy engineering academy in which nearly a quarter of them worked. Future jobs would have to be created in high-quality tourism, Seiffert noted.

A small hotel is to be built in Wustrow and locals are to be encouraged to expand rentals to holidaymakers and to open badly-needed restaurants and cafes. But first the town urgently needed a water purification plant along with new water mains and electricity lines. Apart from local dog tax revenues, all East German towns were financed or, more accurately, starved of investments, by East Berlin.

The first session of the free-elected town council in late May was a heated one and lasted into the early hours without agreement. At issue was the new law empowering local communities to allow the owners of houses built on leased public land to buy the property for a very modest sum. Seiffert argued that this should await monetary union with West Germany tomorrow when the DM will be introduced. Others disagreed, noting that many people wanted to use up their East German Marks and would need all their D-Marks merely to survive.

Mrs Peter Zeppelin, (her name has been changed) who lives in a spacious, white-painted house with her husband, a former merchant marine captain, was less than enamoured of the new SPD mayor. "He was unpopular as head of the local building co-operative," she claimed. Although she was critical of the former communist leaders, Zeppelin said ex-mayor Meier, who was appointed solely on the basis of his Party qualifications, was well-liked. "He would say to people: just don't show me what you're doing," when he granted them approval for something which was not officially condoned.

Capt Zeppelin had managed to accumulate some hard currency during his frequent voyages in the West and built several cottages on his property which were rented out to holidaymakers. They were now building a house for their son and daughter-in-law on an adjoining piece of family property. The Zeppelins had not done badly out of the old system and were uncertain how they would fare under the new market economy.

The Zeppelins were aware, though, that no matter how supportive one may have been of the Communist dictatorship it still suspected every citizen of being an opponent. Willy, the local people's policeman, diligently wrote down the licence plate numbers of West German cars parked near the homes of local people and dutifully passed them to the Stasi.

Buried in the woods near Wustrow is a former Stasi holiday complex recently reopened by the state travel agency as the Bernstein hotel and restaurant which caters to Westerners. The manager is a former Stasi official, a parking attendant advised, adding mischievously that he had managed to get the coveted job after his "disappointment" by the new democratic authorities.



East German pleasure boat Heidi II takes trippers around the Bodden

The future sure sounds friendly

different warning lights, did not trust the machine and over-rode it with near-cataclysmic results.

If there is a problem, said Nowforth, it is in our use of human terminology when talking of machines. In my phrase "artificial intelligence" sounds alien and threatening. "Expert system" sounds as if the machine must know best: which is why, perhaps, in Japan it is called "job assistant system."

It is not so easy to tell whether Prof Igor Aleksander, a pioneer of neural net computing at Imperial College in London, is a Believer or a Sceptic. He says, for example, that it would be "totally daft" for anyone to try to build a machine that appreciated pictures. But he believes it could in theory be done. "A machine could recognise that humans had a love of art, but it would keep reminding you that it only appreciated art in its own terms."

Certainly there is little love lost between the neural net people, now back in contention after having been driven from the field in the late 1960s, and the rule-based programmers who ousted them. A Californian consultancy, Schwartz Associates, recently predicted that the market for neural computers, worth \$30m last year, would reach \$150m by 1995. Without claiming to mimic the human brain, these scientists have borrowed from the brain's architecture to build computers that "learn by experience." Rather than being programmed to crunch through interminable logical sequences, neural networks rely on tens of

I HAVE NOT seen the future. But I have done the next best thing: I have spoken to it. I can report that it works, that it is friendly and that it appears to be populated mainly by helpful females with plow voices. But I'm not yet sure whether I want to live there.

My encounter with the future took place in San Francisco where I spent a few days. Being located only a microchip's throw from Silicon Valley, the city takes to the latest electronic gadgetry rather quickly, and the fad of the moment is anything that is activated by the voice or the touch-tone telephone.

I first realised this when I returned to my hotel room one evening to find the red light flashing on my telephone. This was a sign that there was a message waiting for me.

thousands of brain-like connections to build up a picture of the world and, by statistical means, form judgments and predictions about it. In other words, they work inductively rather than deductively. Working thus from experience, they are already being used to vet mortgage applications in the US and are being tried out in the UK for possible use in investment, underwriting and currency market decisions. As for science's pretensions to model human intelligence, some idea of the state of play can be deduced from the fact that Prof. Aleksander's researchers are trying to model an octopus. Why an octopus? "Because it is simply wired but is sophisticated enough to be worth studying,"

So I pressed the message button, expecting the front desk or the operator to answer and tell me that London had called. No. Instead I got an automatic lady who intoned: "Room six - zero - eight. You have - one - unplayed message. Please wait for the tone." So I waited a couple of seconds. After a beep, I heard the recording of a colleague in London asking me to call in. When that was over, the automatic lady came back on the line and re-intoned: "To play the message again press P, to keep the message press K, to discard the message press D." (US telephones still have letters on their dials). I was so flummoxed I did nothing, and a few seconds later

systems strategy at ICL, the British computer company, is an example of a Believer whose faith has lapsed. He says that he just woke up one morning and realised it was "all nonsense" to imagine that you could build a machine with the same flexible intelligence as a human. Both AI schools faced immense difficulties, he said. Those who believed in sequential processing found their machines very hard to teach (for example, how do you explain to a computer what a sports car is? How do you explain the difference between a house-cat and a cat-house?). On the other hand the neural net people lacked any theoretical base. "When they can show me a neural net system that is half as intelligent as a honey-bee I shall be extremely

impressed." Another Sceptic is Roger Penrose, professor of mathematics at Oxford University. He is convinced that the human mind (and mind includes self-consciousness and personality) cannot be explained in computational terms. Like other mathematicians before him, he is struck by the non-analytical way in which difficult concepts are actually handled - how solutions to the most difficult problems seem to occur as flashes of insight, Archimedes fashion. Prof. Penrose is no mystic in a recent book, *The Emperor's New Mind*, he travels the whole gamut from symbolic logic to particle physics in order to propose an answer involving some yet-to-be discovered theory of quantum

gravity. It is a materialist answer, but one so arcane that to most people it might just as well be magic. The Critic's case is put by Margaret Boden, Professor of Philosophy and Psychology at the University of Sussex, but also trained in medicine. She too is a materialist; she sees no reason to doubt that people are thinking machines. "There is nothing mysterious about the human mind in the sense of being beyond the reach of science. Mind is what the brain does." In principle, a machine could be programmed to do anything. But, she said, for many human activities there would just be no point in trying. A full-reproduction human, with all a human's knowledge and abilities, would in practice be impossible to make.

put through to Mr Zimmerman. "Hi, this is Gary Zimmerman," a voice said. I began to explain the reason for my call when I realised I was being interrupted. "not here at the moment. Please leave a message after the tone." It was another machine. All rather obvious, you may say. But wait until you hear that happened when I called Citibank's San Francisco office. Brrr-Brrr. Automatic lady again: "You have reached Citibank's main number. If you know the name of the person you are trying to reach, press 1 NOW. If you know the extension number press 2 NOW. If you need an operator press 3 As it happened, I did know both the name and extension

NOW." number of the person I was trying to reach, but I was so bewildered by this string of electronic instructions that I became paralysed. Eventually a real person did come on the line. I said: "Mr Lubowski please," and was greeted with an all too human grunt which seemed to say: "Well, if you knew his name why didn't you press 1 NOW when you were told to?"

The next time I called in I did press 1 Now and got a different message: "Please spell out the name of the person you wish to reach." I started tapping: L-U-B. Suddenly the computer broke in again: "You wish to speak to Mr Lubowski? If so press 1 NOW."

For her the real question is not whether a machine can think, but what authority, trust and consideration it should give it. For example, if your computer, busy solving a test it had set itself, were to pipe up and ask you "What is the capital of Czechoslovakia?" and you didn't know, would you get out of your chair to look it up? Would you bother to cross the room to your PC as you might cross the room to rescue a ladybird and put it out of the window? The answer, she says, is not so much a matter of philosophical analysis, but moral - and therefore political - choice. "To take the scare quotes off words like 'intelligent' is to admit a computer into your moral universe."

Evidently there was only one person in Citibank's San Francisco office whose name began with LUB and the computer had jumped to the right conclusion. I pressed 1 and was instantly put through. I lost track of the number of times I talked to machines rather than people in San Francisco. There were lifts which told me which floor I was on, and a check-out which told me how much I had to pay. But I got the impression that it is now part of everyday life. I walked into one bank executive's office to find him talking sternly into the phone. "And report right back when you're finished!" He slammed the phone down. "He'll get that in his voice

recent working party of the Council for Science and Society on the benefits and risks of expert systems, think people's deference to machines "very worrying." Her group concluded that computer literacy should mean teaching children what machines are and are not capable of, as well as sitting them down to write little programs. Mankind has already engineered his own defeat at the hands of the machine in matters like calculating the value of pi to the 21st place of decimals or remembering telephone numbers or flying aircraft. But taken all round, he will be more than a match for any machine for as far ahead as anyone can see. Because he has yielded his superiority in certain departments, pour



mail tomorrow," he said with satisfaction. The electronic idiom is obviously no barrier to a boss's ire.

David Lascelles mieux sauter, he is having to refine his idea of what intelligence means. Just by virtue of being a biological creature he will have experiences that no metal machine could ever have - a sense to that extent his uniqueness is guaranteed. The real threat to his peace of mind is different: that, as computers become more user-friendly, man will confer on them powers of reason that they do not have and powers of decision that they should not be allowed. Computers can play wonderful chess, but they have about as much imagination as a slug. If we do not understand that, say the artificial intelligence, we really are being unimpaired. "Benefits and Risks of Knowledge-based Systems," OUP, £5.55.

John, in the 1980s

BOOKS

The man behind Barchester

Robert Blake hails an impressive new literary biography



See as a girl

Black comedy in the family

CROSS COLD Comfort Farm with Hons and Rebels and you have something of the flavour of *Sat with Dill Sauce*, which is only occasionally about food and describes the sort of childhood which would read like the blackest of nightmares - if it were not so funny. Certainly no-one in his right mind (no-one in his right mind in this book) would want to experience Countess von Brodow's anecdotes about aristocratic squalor on a country estate near Berlin in the 1930s. The pleasure of discomfort and horror at one remove may explain this book's enormous success in Germany where it has sold over half a million copies and is being turned into a television series.

Told with the unquestioning voice of a young girl, murder, arson, love and madness are played out through a cast of characters in which animals are as important as humans.

EELS WITH DILL SAUCE
by Ilse, Countess von Brodow

Peter Owen £12.95, 168 pages

Bruno the cripple, who is susceptible to epileptic fits at emotional moments, is slightly less human than Winter's Tale, a gigantic golden retriever who sheds by lying flat on the ground rather than pull the cart and ends up with only his head showing out of a marsh. Lore, the exquisite maid with blond plaits pinned round her ears, naturally falls in love with charming Emil, who lives by the lake and just happens to be a violent burglar. He ends up hanging himself from his own belt.

The Von Brodows possess a variety of indoor pets like the hen who is hypnotised by a line on the floor and the giant black rabbit who finishes up in the myopic neighbour's shooting bag. But the favourite is Pugsy, a revolting carpet of a dog who is discovered chasing the deer at dawn but, being wily like all the peasant (but not pleasant) inhabitants of the boggy country-side, miraculously escapes the Count's gun. When the rich and elegant (and lonely) Aunt Lily visits, she brings ice skates for the children and, when admonished by her sister for her extravagance, bursts into tears, screaming, "We're old, old and old!" adding, in a flash of sanity, that her sister's home is "a dump".

Yet it is clear that neither darkness nor tragedy can alter the fact that Ilse and her family are having a perfectly wonderful time. She herself survives, without anaesthetic, an appendectomy on a table, falling through a stand, the rice-course and numerous barbarous attacks from cats, fish and the family's ferocious groom. Other people, not so lucky, disappear for good. One boy vanishes into prison with the happy expectancy of moving on to a lunatic asylum, and the prettiest aunt is banished to live among fields of turnips. All in all, the book must make the occupants of apartment blocks very glad to be where they are. Perhaps that is the secret of its success.

Rachael Billington

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THIS IS the first major biography of an extraordinary figure. It is a work of great scholarship based on research into many archives, British and American. It is admirably written and throws new light on its subject and the world in which he lived.

Trollope's novels have fluctuated in popular appeal. He was a best seller for much of his lifetime, but his royalties declined as he grew older. Perhaps he wrote too much, 47 novels and a multitude of travel books, short stories, sketches and biographies. Perhaps his posthumous autobiography, the greatest work in this genre since Gibbon's, dwelt too much on the mechanics and profits of authorship. Those idealists who believed in "inspiration" were unhappy at such a frank revelation of motive and technique.

For whatever reason his popularity waned after his death, if not by so much as some critics have claimed. But it revived in and after the First World War and above all in the Second. Escapism played a part. Why not? There was much to escape from, and to read about Archdeacon Grantley, Mrs Froude and the Rev. Obadiah Slope was a pleasant distraction from ration cards, the black-out and the Blitz. Since then his reputation has never looked back. Nearly all his novels are easily available in cheap editions. Radio and television versions have made him a familiar figure to millions all over the world. The Trollope Society flourishes. And innumerable travellers by air or rail find that there is no more agreeable means of alleviating the tedium of their journey than reading or re-reading a Trollope paperback.

Trollope had an unhappy boyhood. Dr Mullen describes it fully for the first time. He was the fourth son of his father, Thomas, who was

descended from a cadet branch of an old baronetcy. There was no chance of succeeding to the title and the 300 acres, but Thomas had a rich, childless, maternal uncle and seemed to be the heir till the uncle remarried late in life and produced a family - a typical theme for a Trollope novel. Gloomy, neurotic and cantankerous, Thomas ruined his career at the bar by constantly insulting solicitors and made his finances even worse by

ANTHONY TROLLOPE: A VICTORIAN IN HIS WORLD
by Richard Mullen

Duckworth £25, 767 pages

becoming a tenant farmer at Harrow just before the onset of the agricultural depression of the 1820s. But he was lucky enough to marry Frances (Fanny) Milton who was exuberant, witty and loquacious. Although she took up almost every doty radical cause on the political agenda she saved the family by her pen. Richard Mullen has given us a vivid portrait of the person who influenced Anthony more than anyone else in his life.

Her mad folly to recoup the Trollope finances by setting up an emporium ("Trollope's Polly") in Cincinnati was redeemed by the publication of her book, *The Domestic Manners of the Americans*, which, as Dr Mullen rightly says, "remains along with Tocqueville's analytical study, published a few years later, one of the two most famous foreign accounts ever written on America." Although the profits from this and other books prevented total disaster for the time being, nothing could save Thomas in the end. Anthony had been mocked at school as "old enough to be at both Harrow and Winchester" - for his poverty and threadbare clothes. He never for-

got what it was like to be poor, lonely, ugly and unloved.

Through private influence he obtained a position in the Post Office where he was to have a highly successful if controversial career. He was brusque, tough, energetic and efficient. He invented the pillar box and would be famous for that if he had never written a word. He took to fiction as a sideline, but it became an obsession like the fox hunting which he helped to finance. Trollope was an obsessive character. His sheer energy was astounding - the number of books, the speed of writing, the travels to every part of the English-speaking world, the battles and arguments in the Post Office, the furious literary rows and vendettas. He was a man who never relaxed.

He cannot have been a comfortable person to meet. He was irascible and boisterous. Lord Acton thought he might make a suitable Gladstonian peer - after all, he had stood as Liberal Candidate in 1868 - but his energy was bound to be uneven, but on any view he stands among the big four of Victorian novelists. Dr Mullen deals with many aspects of Trollope's career which have been overlooked: his religious and political opinions; his literary technique (with a most valuable chapter on Victorian publishing); his activities in the Post Office; his travel books - too often neglected; his family life and the part played by wife Rose. This is a great literary biography, one of the best to appear in recent times. It is unlikely ever to be superseded.

Fiction

Subtly subversive lines on China

THREE KINGS
by Ah Cheng, trans. by Bonnie S McDougall

Collins Harvill £11.95, 223 pages

THE WALL
by Peter Vansittart

Peter Owen £13.95, 232 pages

FLYING LESSONS
by Susan Johnson

Faber & Faber £12.99, 261 pages

nature is dismissed as superstition and the world is diminished to that which serves "the great cause of Reclamation." It's easy to see why these novellas have been very popular in China: they have the vir-

tues of a good folktale: an easy almost artless narrative, a flawed but attractive hero, and a moral subtext, not a polemic but a set of philosophical questions which challenge the prevailing wisdom.

In *The Wall* we travel back to the Third Century AD, and the declining fortunes of the Roman empire and an upper-class Roman family. Peter Vansittart shows us a corrupt, materialistic society not unlike our own, where poverty and unemployment are endemic. Rome without her grandeur has become cruel and murky, but when the Emperor tries to reassert control by building a huge and expensive wall around the city, the inhabitants wonder whether they are being protected or

penned in. Vansittart overwhelms us with historical detail in sentences which have the density of prose poetry. It is impossible to absorb all the images, the references with which he loads each line, and we soon become satiated with the many examples of brutality and depravity. Yet there is a strange austerity beneath the description, a detachment more characteristic of reportage. Vansittart, who seems to write with his back to his readers, makes no attempt to bring us into the novel.

The young sorrowful heroine of *Flying Lessons* is searching for her history in the exotic Northern Australian tableland, Ria Lubano, who has drifted into relationships and a mean-

ingless career as a singer of advertising jingles in Sydney, decides to return to her roots. Her journey back to her family's homeland is intertwined with a historical narrative about her grandmother Emma Lubano, whose marriage to an Italian permanently estranged her from her bigoted schoolmaster father, Ria, who has always attributed her flighty ways to her rebellious grandmother, discovers that she has been clinging to a myth.

Johnson makes good use of the setting of the tableland which is both home and an alien dangerous territory. She has a sensitive probing of the past. But the novel's fatalism infects the writing and plot; Johnson rarely dramatizes her characters' conflicts, and her narrative has an odd, somewhat disembodied quality. She has a sensitive probing style but needs to challenge us to make us care a bit more about Ria's pain.

Wendy Brandmark

Example of bias against understanding?

SIR HUW Wheldon had a swift wit with work he thought fell below the level demanded by the subject-matter to hand. On his own time at *Mondell*, he said with some pride, "Nothing was done which I found boring or tedious or tiresome or meretricious or wrong." He would have floored this book on all five counts. Three more-or-less anonymous women, "H", "Celia", and "Ruth", more forthcoming than I could reasonably have hoped about the Huw Wheldon they knew long ago. Ferris scratches around frantically in the correspondence to acid significance to what he calls "the dichotomy between the man of action and the halting lover." He concludes: "until the right woman and marriage solved the problem, Huw Wheldon's sexual life was muddled and unheroic. In short, an everyday tale of male doubt, hesitation and pain, which in this lengthy telling is tedious, tiresome, meretricious, and - unforgivably - boring too."

The narrative picks up as Ferris traces Wheldon out of the Army, into the Arts Council in Wales, on to the

Festival of Britain, and thence to the BBC, starting in publicity in 1952. Gradually Wheldon edged onto the screen in *All Your Own*, then *Mondell*, all the time hanging on to an administrative role too. He commanded great affection, but could be brusque with some. John Drummond, now running

SIR HUW: THE LIFE OF HUW WHELDON
by Paul Ferris

Michael Joseph £15.99, 306 pages

Radio Three, never got on terms in Wheldon's lifetime, and in retrospect he is fond. Drummond once sought clarification: "I've known you for 25 years, Huw, and I can't think of a single occasion when you haven't reprieved me." Wheldon, rarely easily embarrassed, countered: "You see, you are one of nature's reproves." Wheldon's ambition bore fruit in 1964-5. From his job as documentary chief, he leap-frogged others in the hierarchy to become Controller of Programmes, and the effective BBC man. Ferris's sympathies lie with the main casualty of the episode, Don-

ald Baverstock, a Welshman of southern origin. An assumption that Wheldon was a mere Welsher, the bluster colours the rest of the book. He finds Wheldon's refusal to accept a distinction between giving the public what it wanted and giving it what might be good for it a "nice line in rhetoric." Wheldon explained that as a producer of the necessary shunting of the necessary shunting, he responded to your own needs, to the needs of the subject and to the needs of the audience in a very complex amalgam of pressures. Ferris snipes: "In other words, you compromised." Ferris here shows small understanding of the necessary shunting that attends the marshalling-yards of television. One view, implicitly endorsed by Ferris, is that each producer should be free to put forth, no matter what clashes and crashes may result. A contrasting and more contemporary view is that no producer set forth unless bolstered by detailed mapping of guidelines. Wheldon's view was that marshalling-yards were there to be openly explored, their capacity extended, and this could come about through good work. Ferris dismissively notes "the Wheldonism:

policy didn't make programmes, it was programmes that made policy," but Wheldon's one-liner still resonates today.

Wheldon's pardonable arrogance was that he was a better judge of what the viewing public might take than anyone else around. A certain friction with those Wheldon openly called "the soddling Governors" followed, and he lost out over the top job to Charles Curran. In fact the Governors probably got that right. Wheldon's impatience with the business of politics was profound and lasting. "Nothing celebratory in the stuff," he would tell those of us picking our way through the minefield of current affairs. He might not have liked it much at the politicized top.

Yet Wheldon towered over what is now known as the "quality debate" to the end. Ferris eventually acknowledges this in grudging terms. "Without his endless reiteration of the virtues of the BBC, morale might well have crumbled earlier than it has done." The saying tone is misplaced. Ferris throughout takes Wheldon's style - broad, expansive, around -



Sir Huw Wheldon

to be his substance: in effect, little substance. Is this what is meant by bias against understanding? Certainly, the issues in programme evolution and development were, and still are, subtle and profound. Wheldon knew and articulated them better than anyone of his time or since. A truer Life would have revealed this.

Brian Wenham

Curious about all things human

PAGAN VIRTUE: AN ESSAY IN ETHICS
by John Casey

Oxford £27.50, 242 pages

natural fact than a cultural phenomenon.

Like his sex lectures, John Casey's *Pagan Virtue* is an archaeology of bygone beliefs, although "archaeology" is too dry a word to describe the verve with which he imaginatively brings to life that concept of the virtues - centrally the Cardinal Virtues of Prudence (or "Practical Wisdom"), Temperance, Courage and Justice - which was the predominant tradition in ethics from the Greeks until the 18th century.

The sweep of references is as erudite as it is occasionally fanciful, ranging from Homer to Joyce Grenfell, and including ten saints in the index, of whom the most notable is that remarkable infant, St Nicholas of Bari, (who) abstained from his mother's breast on fast-days of the Church, and from both breasts on the most solemn fast-days. In elucidating his favourite sources, Aristotle and Aquinas, Casey has the best teacher's gift of making us feel we are conversing with the Ancients, a conversation, as Plato said in the Republic, "not about trivial matters, but about how to live."

Indeed, the book serves as an

excellent layman's guide to some of the most central questions discussed by philosophers. Casey draws richly on those continental philosophers, Sartre and Merleau-Ponty, alongside whose psychological insights much modern British analytical philosophy (immortalised in the famous Oxford examination question: "What is a question?") seems as dry as dust.

Casey readily admits that the tradition of the virtues is now largely lost to us. Prudence, the logo of a well-known life assurance company, is associated more with personal pensions than with Aristotle's crowning virtue. Temperance passed away with Temperance Societies. Where we still encounter these and other related virtues, they are like the occasional sightings of an ancient river which disappears underground for long periods of time. We occasionally talk of

honour, we admire graceful gestures, we can say that someone has insufficient pride in himself, we commonly respect anger, we talk interminably about friendship (its nature, what makes a good friend and so on) forgetting, perhaps, that for the Ancients these all flowed from the same ideal of life and were virtues which everyone had good reason for cultivating.

The first chapter is the most "academic" in tone and is concerned with the idea of Persons. The next four chapters each deal with one of the Cardinal Virtues. Casey shows how they help to explain much in our experience which we instinctively value but which we would be hard to rationalise. The concept of the virtues scarcely merits any mention in most modern books on philosophy. By describing something closer to a vision of life than a philosophical analysis, Casey suggests how they permeate many of our most everyday assumptions about ourselves and others. He also shows how they lie at the heart of some of the best-known works of literature, Shakespeare in particular. Casey's "antagonist" in the

book (or, more ambivalently, his *doux ennemi*) is Christianity and the greatest philosophical defender of the Christian morals, Immanuel Kant. He possibly draws too stark a contrast between the self-abnegation at the heart of the Christian ethic and the proud, assertive tradition of the Classical virtues, but his aim is to remind us of the confused moral tradition we inherit and so to make us more aware of the inconsistencies, perhaps even the prejudices, unavoidably embedded in many of our commonest moral beliefs. The final chapter on King Lear shows how these two traditions can lead to

radically divergent interpretations of the play.

Casey has his prejudices. There is only passing reference to what is characteristically "feminine" about the virtues, although Casey would say that the Cardinal Virtues are virtues of Persons, irrespective of gender. He also says we cannot love dogs (or any other animals, for that matter). The charm of the book, surprising in so contentious a work, is in fact its curiosity about all things human. *Pagan Virtue* deserves some of the highest praise which can be accorded to a work of philosophy: it speaks more directly to the general reader than to the specialist philosopher.

Mark Archer

Mauve hair and kaftans

"IL NE sert rien d'être jeune sans être belle, ni d'être belle sans être jeune." La Rochefoucauld's maxim describes perfectly the sad life of Stephen Tennant, cocooned in the myth of his beauty, who is now the subject of a long and loyal biography by Philip Hoare.

In his early youth, Stephen Tennant was lauded as the most beautiful and frothy of Bright Young People. Born in 1906, he was the youngest son of Lord Glenconner and his lovely, whimsical wife, Pamela. Two members of his family bestowed on him their own talents. From his aunt Margot Asquith he inherited wit and lively conversation. From his mother's cousin, Lord Alfred Douglas, came dubious qualities. And Tennant's own comparison, though "Bosie" was the more beautiful, the more vicious, and much the more interesting of the two.

SERIOUS PLEASURES: THE LIFE OF STEPHEN TENNANT

by Philip Hoare
Hamish Hamilton £20, 463 pages

Lady Glenconner had built Wilsford Manor, her Wiltshire home, in the Jacobean style, and she decorated it with panelling and William Morris hangings. It was in this peaceful setting that Tennant entertained his friends at weekend parties, and here were snapped the Cecil Beaton photographs obligatory for every book on the 1920s, showing beautiful young people dressed for a Western idyll. It is to Beaton, too, that Tennant was indebted for the photograph on the dust jacket, portraying him in a black coat with wide fur collar. He looks innocent, in spite of his obvious (and habitual) baseness. The photograph is brilliantly lit to emphasise large eyes. It was taken to commemorate Tennant's 21st birthday. It was his apogee. After this, he declined down a slope for nearly 60 years.

In his early 20s, Tennant's incipient tuberculosis worsened. At this time he became the adored of Siegfried Sassoon, love and illness went together. The two were happiest on journeys of convalescence to the Mediterranean. When health eventually returned, beauty vanished; the androgynous youth idealised by Beaton turned into a plump creature with speckled shorts and a Liberator grin.

Habits of indulgence were already set. Retired to Wilsford, Tennant led an indolent existence on his comfortable inheritance of £15,000 a year. He wrote a little for 40 years, he worked on his novel, *Lascar*, which he returned to, like a piece of tatting. This book has become known through the series of covers Tennant designed for the publishing life of most kinds on the Marcellus seafront. More and more a recluse, he redecorated Wilsford with fishnets, pink satin, and golden conch shells. His hair was long and dyed mauve; he wore kaftans, and many gilded bangles. (This stage of his life is pitilessly described by his niece, Emma Tennant, in her novel, *The House of Hospitality*.) Gradually, the dragonfly had turned into a slug.

Does such a wrecked life justify a biography? The answer in 1990 is a qualified yes - but a book half the length of this. For Tennant has now become a cult figure, whose life requires explanation. He appears peripherally in numerous biographies about the 1920s and 1930s. He was the model for Cedric Hampton in Nancy Mitford's novel, *Love in a Cold Climate*. Various art galleries have exhibited his covers for *Lascar*. At his death, he became the victim of a "life style" auction sale (keeping company with Cecil Beaton, the Duchess of Windsor and Bernard James). With clever packaging and an excellent catalogue, these sales tempt the curious into houses to which they would never have been invited and enable them to share the glamour.

Tennant has been blessed in his biographer. Mr Hoare is enthusiastic and industrious. He tells lots of good stories, and copes tactfully with the seamy side. He makes the best of a lethargic life, and briskly keeps the story going in a day-to-day narrative which fails to hide the ever-diminishing circles of Tennant's existence, entrapped in the legend he had invented of himself.

Jane Abdy



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ARTS

The most seductive of painters

William Packer reviews an exhibition of Modigliani's work in Martigny

MARTIGNY IS the small town that commands the approaches to the Great Saint Bernard Pass from the Swiss side. Its Roman remains and medieval castle testify to its sometime strategic importance, but today it is quiet and provincial, a place to pass through almost without a thought on ones way to the great world beyond. But at its heart sits the Fondation Pierre Gianadda that, in little more than the decade, has done so much to belie the modest status of the town.

In these recent years it has brought to Martigny exhibition after exhibition of international standing and importance, with shows given, among others, to Lautrec, Schiele, Giacometti and, last year, Henry Moore. The building itself is not large and must also serve as concert hall, archaeological museum and home of the Gianadda collection of historic motor cars. The scope for the temporary exhibitions is limited, but that is no bad thing, for they must be all the more carefully chosen. This summer's

major exercise (until October 28), entirely consistent with this practice of concentrated excellence, is given to that most seductive of modern painters, Amedeo Modigliani.

The show is fully retrospective and more or less chronological in the hang, though with care taken to relate work by subject matter and interest. Reference is made to all aspects of the work, even to student work and juvenilia from around the turn of the century, but the substance of the show falls within period of his career in Paris, where he arrived early in 1906 at the age of 21, and lived and worked until his death 14 years later. Three of the carvings of around 1911 are shown along with a number of the caryatid drawings and studies, and indeed wherever possible the drawings chosen relate to other works in the exhibition, though not always shown alongside.

With a career so short, the emphasis placed upon the work of the last few years, from 1914 to 1919, is perhaps inevitable, but the earlier work is the more fascinating for

being so spare. To see foreshadowed in such things as the small portrait of a lady wearing a broad black hat, of 1911, or the more familiar but still most striking "Amazone" of 1909, in trim bowler and buff riding habit, the mannered simplicity and assurance of the later work, is to have even the most eccentrically characteristic Modigliani figures wonderfully validated and redeemed.

The life-painting of 1909, preserved on the back of a fine portrait of his early patron, Jean Alexandre, of a pubescent girl, knees lightly crossed and long arms falling across her lap, unfinished as it is and as it is, is a study of the figure as could be, as accurate in observation as it is tender in its humanity. And here already is the reductive simplicity, the paint rich on the surface, the image realised in a few swift lines, that some five years will produce the most ravishingly monumental paintings of the nude in the entire canon of modernism.

Modigliani died in January 1920, of tubercular meningitis, aged 35.

The following day, his mistress, Jeanne Hébuterne, 21 years old and eight months pregnant with their second child, threw herself from her parents' window. It is a harrowing story, and always the myth of Modigliani and *sa vie de bohème* at its most romantically squashed, drug, drink and mortal illness, come before the work. But here the work gives it triumphantly the lie, for these are not the paintings of a squalid vision or a tortured imagination. Whatever the immediate circumstances of his life, clearly they fell away as Modigliani stood at his easel before the model, chatting away if it were a portrait, more intense in his concentration before the nude.

Here is no hint towards self-destruction. Every touch of the brush upon the canvas is a positive, physical celebration both of the act of painting and of being human and alive. Modigliani paints his friends as he sees and knows them, images that are particular personal and immediately recognisable for all their apparent eccentricity in the resolution. They may be the men he



'Nu couche aux cheveux dénoués,' 1917, by Amedeo Modigliani at the Fondation Pierre Gianadda

likes, the women he loves, the children who charm him, and always the sense is of affection and understanding. The brush whistles down the

model's white blouse to state the loose black tie at a stroke. The little boy in the blue shirt sits patiently resting his head on his hand, day-dreaming away. The artist sits to

his last self-portrait, a true dandy, palette in hand and long and elegant in his velvet coat and smooth, careful hair. He was only to die too soon.

Royal College of Music's museum under threat

THE ROYAL College of Music in South Kensington has an embarrassment of riches — not in money, but in historic musical instruments, written and printed archival paintings.

Facing economic pressure, the College has been considering a plan to close its museum (specially built in 1970) and to disperse some of its other treasures. Already the staff has been depleted and the museum's half-day per week. But it is the wider proposals which have set off two seriously critical responses. Some major donors of material accuse the College of betraying the trust on which the donations were made; and a public advisory body for museums declares that "the public and national interest has not been properly consulted."

Not only the intentions of the College have aroused concern, but the secrecy of its procedures. The principal donor of instruments has been Mr E A K Ridley, a retired solicitor, now 86. His donation comprises more than 110 historic wind instruments, various specimens of standard instruments, and also such once-only oddities as a walking-stick trumpet. Mr Ridley has protested to the strongest terms against the plans. "They have ignored me. They do everything they can to let their plans not be known. They are going against the terms of their own foundation

— the College was to be a conservatoire in the broadest sense, not a diploma-mill."

Also in the specially air-conditioned environment of the RCM museum are such treasures as the guitar thought to have been given by Mary Queen of Scots to David Rizzio; here is a clavichordium of about 1480, considered the oldest keyboard instrument surviving anywhere. Unlike the instruments of the Victoria and Albert Museum, which were acquired for their decorative interest as furniture, those of the RCM are restored where possible to playing order and are consulted by players, historians, and makers of the reproduction instruments demanded by the early music movement.

The keyboard instruments in particular are used for instructing the students and for such public events as the lecture-recital which Virginia Pleasants gave recently on Beethoven's contemporary, Dussek. She played a Dussek sonata on a Broadwood grand piano of 1797, exactly the type the composer owned in London. "It's as near as one can come to the past," she said afterwards. "It's something none of the other schools [of music] have got."

Mrs Ursula Vaughan Wil-



The RCM's director, Michael Gough

liams, who donated her late husband's medals, described the proposals for dispersal as "shaming." If the medals were to be given away by the college to a place where they did not have approval, "I'd ask for them back." The medals are kept, along with other personal memorabilia, in the Department of Portraits — an insufficient name for a collection containing not only paintings and thousands of photographs of musicians, but a huge written and printed archive going back over two centuries.

Here I was shown the best extent portrait of Haydn by T. Hardy, the RCM's director, used on its poster — which generated

revenue for the college. Yet the expenditure on this department, as on the museum, appears to be in the region of 0.9 per cent of college spending.

Alarm began two years ago when a sub-committee of the College Council recommended, among other things, "loan of the instrument collection elsewhere... further restrictions on public access... redeployment of attractive pictures around the College... and substantial disposals and 'warehousing' of other items in the Department of Portraits." Art experts and security advisers would, however, deplore the hanging of valuable paintings in unguarded rooms, while the chances seem remote that any other, equally equipped institution would accept a "loan" of instruments unless with a fund to service it.

While the college deliberations continued, the situation around the interest of the Area Museums Service for South Eastern England (AMSEE), a body drawing its funds ultimately from the Government's Office of Arts and Libraries. It has now issued a report urging the college to reconsider "its present plans and to affirm that it does not intend to dispose of historic material without thorough public consultation." AMSEE

suggests "radical changes" in the administration of the collections. Preferably, either an independent charitable trust should be created, or the Horniman Museum should supervise the collection on its present site.

Both the Museum and the Department of Portraits were set up on the initiative of Sir Keith Falkner, director of the College between 1960 and 1974. In the view of the present director, Mr Michael Gough Matthews, the current physical and financial pressures on the College have created a new context. "The AMSEE report has no knowledge of the other needs of the College. We are short of teaching space, and even more of practice space. We regard the Museum and the Department as both valuable, but they serve the outside world and they must jostle for position with academic priorities."

He reaffirmed that the proposals would stand. Paintings would be hung around the College. Re-location of the historic instruments is being considered, but they would have to remain in the College's collection. No steps are envisaged either to reverse the depletion of servicing staffs or (another AMSEE recommendation) to strengthen public representation in the consultative process. Under Mr Matthews, the college administration is evidently determined to outface its challengers, though they may hope to rouse further discussion when the full College council meets in July.

Arthur Jacobs

Russians at the Ashmolean

THE ASHMOLEAN Museum in Oxford is the repository of many fine things, but it may be a surprise to learn that it holds our only public collection of Russian drawings and watercolours, mainly dating from early this century.

This is now the subject of a newly revised, expanded and illustrated catalogue, and to mark its publication the Ashmolean has selected 50 Russian works for an exhibition that will run until the August 5. Alongside, is a separate exhibition of drawings by Leonid Pasternak, many of which also belong to the museum.

At the core of the Ashmolean's Russian holdings is the Mikhail Brailovitch collection. A railway engineer from Odessa, and briefly a member of the Provisional Government, Brailovitch emigrated to the West in 1917. He was joined there by many of his favourite artists, whom he continued to patronise with a view to replacing the ministerial collection he had left behind in his native Odessa.

Despite the moderating effect of subsequent Russian requests to the Ashmolean, the virtues and limitations of Brailovitch's taste still define the collection. His interest focused on the "Mir Iskustva" ("World of Art") group, whose members included Bakst, Benois, Somov and Serov. Another Diaghilev, through whose

dynamic influence these and others became involved in the foundation of the Ballet Russe. Although much of the material relates to the Diaghilev productions, the channel along which many creative talents flowed, there are some illuminating exceptions. Bakst, supreme as a colourist in the field of costume and set design, reveals a surprisingly astringent power as a draughtsman in black chalk, particularly in his 1907 portrait of the symbolist poet Andrey Bely.

Bakst's costumes and set designs fall short in some cases of the best examples, though all reveal his imaginative flare and sure sense of colour. At least equal to the best anywhere is his design for the Communist opera *The Sleeping Beauty*, an abortive Diaghilev production at the London Alhambra Theatre in 1921. This is a watercolour fully realised in terms of character as well as costume; the conceited and seductive face of the Count is a reminder of the influence of Aubrey Beardsley's five vernal but ultimately decorative characterisations.

A group of costume and designs for Diaghilev's production of Stravinsky's *Le Rossignol* reveal the eclectic genius of Benois. Although the equal of Bakst in his imaginative evocations of other cultures, his designs do not display Bakst's instinctive mastery of sensuous colours. Benois himself considered these his finest

designs and never forgave Diaghilev for not using them in the 1920 revival. By that time, however, Diaghilev had dropped his former Russian collaborators in favour of Matisse, Picasso and the Paris avant garde.

Few Brailovitch's liking for certain aspects of Somov's work reveals a vulgar streak to his taste. The archly erotic drawings of young girls in country glades, mostly copies commissioned by Brailovitch of works he had owned before emigrating, do little credit to either artist or patron. Somov, however, gave particular expression to the nostalgia for 18th century Versailles shared by other members of "Mir Iskustva." His evocations of the perishable aristocratic world of pre-revolutionary France are an interesting symptom of conservative anxiety in pre-revolutionary Russia.

The small exhibition of drawings and watercolours by Leonid Pasternak, mostly of the artist's family, shows his gift for observing the intimate moods of domestic life. The 1908 portrait of his son Boris, aged eight, as he doodles, self-absorbed, is a study of child psychology. He also achieves astounding solidity in his watercolour still-lives of fruit. This exhibition is a particularly rewarding insight into a too little-known artist.

Richard Newbury

THE ROYAL OPERA

LA BOHEME

GIACOMO PUCCINI

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Records

Great moments strike home

TWO RECENT operatic releases on compact discs command serious attention. One is a monaural reissue — of a *Rosenkavalier* performance from thirty-six years ago, and the other an eight-minute-old recording of a remarkably fresh and forthright *Zauberflöte*.

The Strauss is the long-revered Erich Kleiber performance (on which I grew up — but now I can chuck my nearly ruined LP in favour of Decca 425 850-2, 3 CDs with libretto); the Mozart is in the clever hands of Armin Jordan and his bright young cast (Erato 2292-45469-2, 2 CDs with libretto), who supply a long corrective to over-pious Magic Flutes and too-winsome ones alike. What they have in common, beyond musicianship of a high order, is dramatic directness. There is never any sense that the operas are arranged around their "highlights," nor are there a maestro's preening emphases in music designed for the orchestra-pit.

The great moments of *Der Rosenkavalier* strike home, but within a continuously alert, wholly stylish account of the piece. Though it is uncut, which is a rare thing, there seem for once to be no long-gestures — not even in Act 3, where the usual efforts to spell out the farce are fatally tedious. With the Vienna Philharmonic at his disposal, Kleiber achieved an unequalled *Schwung* (compare the shameless waits at the end of Act 2 with anybody else's version), but also the kind of knowing detail that would nowadays be luridly underlined. It all sounds extraordinarily natural, which is miraculous in this terminally sophisticated score.

The voices are perfectly framed, but not indulged. Time and again, one is struck by a phrase or a cadence that makes a vital point without the

contrived push or drawing-out which has become the modern norm. Sena Jurinac's Octavian remains unique for simple depth of feeling and boyish pluck; what the gracious Marchallin of Maria Reining (Si at the time of the recording) lacks in sensuous allure is made up by intelligence and dignity. The great Ludwig Weber, Baron Ochs speaks a lifetime of comic art, and besides Hilde Gueden's excellent Sophie the lesser roles boast singers like Dermota, Poell, Hilde Rössel-Majdan and the young Walter Berry.

This imperishable *Rosenkavalier* sets an *echt*-Viennese standard; by comparison the famous Karajan version, for all its sumptuous refinement, can sound self-conscious and overblown. The new Jordan *Zauberflöte* is a different kind of tonic, not noticeably "Viennese" at all (in the sense that modern Mozartians will recognise) — nor particularly French either, despite its provenance and its Parisian orchestra. In effect this is an Aix Festival performance, with a multi-national clutch of attractive young voices to tell an operatic story eagerly, swiftly and without Teutonic solemnity.

The accepted view of Mozart's opera as an "elevated" work, which of course it is, is hard to reconcile in practice with its theatrical form, which is popular musical comedy.

Most often, what we get is a sequence alternating quaveringly between lofty, sober numbers and low, anxious-to-please comic turns. With Jordan it is all of a bubbling piece — not disdainful of the moments of grave feeling, but always light, crisp and forward-going. I suspect that Mozart's own performance sounded more like this than any respectful post-Romantic reading.

All the voices fit (except perhaps the trio of Bad Tölz choirboys, who sound plausibly efficient in the way Tölzkerbären always do). Sumi Jo and Luba Orgonasova, lovely sopranos both, are the Queen of Night and Pamina, and if Götz Winbergh is square-cut in Tami-no's lyrical music he is mostly effective elsewhere: the start of the opera, as the serpent menses him, packs a terrific dramatic punch. Frau-Joseph Selig sounds more like a suave romantic baritone than we are used to hearing as Sarastro, but his bass register proves secure, and his firmly sculpted line is distinguished.

From the famous Bergman film of *Die Zauberflöte*, Hakan Hagegard's Papageno has grown out of innocent cuteness and into sensitive maturity, neither jocular nor silly, but charmingly earnest. His parts are taken with verve; the dialogue, sensibly trimmed, is given to good actor-doubles. Altogether, this is an ear-opening performance.

Briefer notes: the delectable young American soprano Dawn Upshaw is heard to advantage on Elektra/None-such 979 187-2, which includes Menotti, Samuel Barber's

Knoxville: Summer of 1915 (after James Agee) and a stirring account of Anne's scene from Stravinsky's *Rake's Progress*. The Hyperion Schubert series continues with Anthony Rolfe Johnson's superbly cultivated tenor in mostly nocturnal songs and lieder (CDJ 33006), a-The unpredictable Ivo Pogorelich offers an entirely fascinating view of Chopin's 24 Preludes on DG 429 227-2. He can sound brittle in the gentler pieces, but also quite brilliant in the quick ones; and he lavishes so many strong, imaginative ideas — not and merely quirky ones — upon all the music that any Chopin-lover should be urged to hear this record. There is grand pianism from Elisabeth Leventova in Liszt's two sonatas, the B minor and the "Dante," not much satanic theatre, but unyielding musical grip and a big, thoughtful scale.

With Abbado and the Berlin Philharmonic, Maurizio Pollini plays Schumann's piano concerto with assured refinement, and Schoenberg's with rich colours and dazzling clarity (DG 427 771-2). The pianist Pascal Rogé delivers earlyish Faure with such idiomatic power and lively grace, on Decca 425 806-2, that we must hope he means to record a complete Faure survey.

Jorge Federico Osorio matches him, on ASV DCA 705, in Faure's two sonatas for violin and piano, but the violinist Mayumi Fujikawa is relentlessly, dishearteningly steady. Much more welcome is the Roussel chamber music on Musifrance 245 003-2 — his op. 30 Serenade, and the trios op. 40 and 58. The first two works are ornamented by the superlative flute-playing of Patrick Gallois, and the neglected third is as compact, original and pungent as one expects of late Roussel.

David Murray

The Official London Theatre Guide

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ARTS

Both wife and mistress

Anthony Curtis reflects on 'La Parisienne' and its author

THERE IS a rare chance to see a play by Henri Becque in an English version in London. It is *La Parisienne* at the Lyric Studio, Hammersmith, a production by the Great Eastern Stage Lincoln company who tour their work. Becque (1832-1892) was a dramatist of crucial importance, despite a slender output of only two completed full-length plays, and a clutch of one-acters. He has been strangely neglected in Britain; but the tide began to turn in his favour recently when Alan Ayckbourn made a version of his other major play, *Les Corbeaux* (1882) as *Wolf at the Door*. This was produced at Scarborough last year with Bernard Hepton and was destined for London but so far has not arrived there.

It describes what happens to a typical French bourgeois family of modest prosperity when the father dies suddenly of heart failure. Mother and daughters are left to cope and to make financial provision for their own future. We see their assets being ruthlessly stripped from them by the advisers and relations appointed to help them. One of the daughters is forced into a loveless marriage with a much older man to try to salvage some of the family fortune. Like Ibsen and Shaw, Becque was a feminist (though he would not have acknowledged the label) in the days when the most devastatingly accurate depictions of the indignities suffered by women, were men.

In *La Parisienne* (1885) Becque turned his attention to the situation of an intelligent sophisticated woman of impeccable respectability, who runs a well-appointed household in Paris that includes not only a husband and small children but a lover as well. Clotilde has the role of wife and mistress under the same roof. Her lover,

a friend of the husband's (strangely unaware of his wife's liaison), is a tenacious frequent visitor to the apartment. When the curtain rises we observe him engaged in a furious row with Clotilde over a letter she has just received which he demands to see. He is for all the world - and for the audience at this point - the outraged husband and the outcast footstep outside and turns to him, saying: "Sah! Its my husband!" - a line which used to receive a standing ovation in Paris, and evoked a prolonged laugh the other night in Hammersmith.

When the play was first performed at the Théâtre de la Renaissance it fell flat. Its deadly honest realism was in advance of a period nurtured on the light-hearted escapism surveyed by the likes of Scribe and Sardou. But the play later it was revived by the innovative director Antoine and it took off. *Comédie russe* (bitter, abrasive, cynical comedy in which the wicked go good) was born. It has remained in the repertoire ever since and the part of Clotilde has always been regarded as one of the great virtuoso roles for an actress in France. Réjane played it originally and in our own time Edwige Fenech who performed it in London for a couple of months at the Palace Theatre in 1957. She was magnificent in a totally controlled, unhistrionic manner registering the nuances of emotion through a vast range of changes in facial expression and tone of voice.

It has only been given once before on the London stage in English and that was in a somewhat garbled version by Ashley Duke in 1943 at the St James's Theatre with Sonia Druce. I don't know if it sounds like excellent casting. There have though been two post-war productions on Radio 3, one in which the



Adrienne Thomas takes on the virtuous role of Clotilde in Henri Becque's play at the Lyric Studio, Hammersmith

heroine was played by Vivienne Merchant and the other by Judi Dench. In the latter, in 1988, the translation was by Peter Barnes who included at the end a brief one-act play, *Venez!* which Becque wrote later, revealing what happens to Clotilde when her husband dies. She does not marry her lover.

At Hammersmith in a translation by Michael Fry, who also directs, the short but valuable evening ends with the main trio reconciled and the status quo restored. The lover Lafont is played by William Repton who gives him a resonance that prevents his continuing protestations from becoming a bore, and contrasts with the husband Adolphe who is like a grown-up child in his alternating moods of optimism and despair. The young man with whom Clotilde has a clandestine affair deceiving both husband and long-standing lover is Simon Jessop, who looks suitably callow and indifferent to her charms.

As for Clotilde herself she receives an alert vivacious interpretation from Adrienne Thomas, strong on eye-contact with the audience. It is not fair to judge the vocal part of her performance as she was suffering horribly from laryngitis on the press night and using a radio microphone. The production is garished with extracts from Chabrier, Chopin, Offenbach at the start of the three acts. These musical excursions

are not really appropriate. One would have preferred more attention paid to orchestrating and timing the shifting levels of emotion, the ironies and double meanings, in the play itself. But within the limits of a small simple setting designed by Neil Richardson with excellent period costumes by Annabella White the cause of getting Becque better known was well served.

We know him best perhaps in our time from the masters of marital comedy, who stem from him. A play like André Roussin's *The Little Hut* is a kind of up-dated version of *La Parisienne* and on the English stage, the comedies of Somerset Maugham about wives who deceive their husbands and get away with it, were strongly influenced by Becque whose work Maugham saw performed in France when he was a young man. Becque was working on a play about the world of finance, *Les Politiciens*, which might seem very topical today when he died, and he published a volume about the trials and tribulations of his own career, *Querelles de Théâtre* which should be required reading for any playwright who is having problems with scripts sent to the managers' orders to his agent. Becque's long saga with the Comédie Française makes more recent accounts by playwrights of their treatment by the samurai of the South Bank pale into insignificance.

Radio

Week of the unexpected

WHILE RADIO 3 is content with evenings "mainly for pleasure," Radio 4's new series on Wednesday evenings is boldly labelled *With Great Pleasure*. The first programme, presented by naturalist Miriam Rothschild, offered just that.

It was a selection of poetry and prose dealing chiefly with butterflies, part of Ms Rothschild's way of life both as professional and amateur. As she said, science can be boring when it entails activities like measuring hundreds of snails to the nearest millimetre, and natural history, painting and poetry have a logical affinity. She gave us pieces from such diverse sources as Eliot, Pope, the Upanishad, the Book of Ezekiel, Stevie Smith, and many more.

As if she had run out of butterflies, she switched halfway to doves, and these gave her items of equal charm and interest. Her choices were read by Peggy Ashcroft and Ronald Pickup, and her own commentary was worthy of such company. The programme will be repeated on Radio 4 tomorrow at 10.15 pm.

At the other end of the day, I am enjoying the new *Book at Bedtime*, which began on Tuesday. It is called *For the Love of Song*, a title that conveys nothing

of its content or, had it done so, of the lack of implied sentimentality. Sang, pronounced Shang, was a nine-year-old Vietnamese boy, a wartime orphan, adopted by a family with children of their own. Sang was affectionate and anxious to fit in, but he had troubles - a sudden uncontrollable temper, a way of rocking himself in bed at night, patiently observed by his six-year-old brother. ("Nine is bigger than six!" Sang used to say challengingly - one sentence at least where he could manage final consonants.) Some brain damage was found, but the family's devotion has seen him through. The story, written by his adoptive mother, Rachel Anderson, is well read by Jane Widdershaw, who does Sang's difficult voice convincingly.

This was a week for the unexpected, and Radio 3 has done it twice. Last Saturday we had Louis XIV's *Intérieur* by Nick Fisher - a monologue for that very organ, read by Bill Paterson. Any intestine's monologue must deal mostly with food, and we hear what this royal gut had to say about wild boars, sea-bream, service and mushrooms. It dealt with matters outside the culinary, too, such as Molière, a discriminating eater. Good fun, but I

hated to hear an intestine refer to its royal owner as "Lou." Then on Monday, *The Great Migration* by Primo Levi, between the EBU at Geneva and the Aldeburgh Festival. In this simple tale, read by Hugh Dickson, Isabella, a peasant girl, grows wings - a phenomenon the villagers do not find unusual, except that it was the first case in Italy. Isabella cannot decide whether to get instruction at the driving school or the airport, so in the end she teaches herself from a steep meadow.

Soon she is gliding around happily above the village, but a complication arises. Wings prove infectious, and in a while everyone has them. People who find wings a nuisance take the easy remedy. They have them amputated. It is easy to fit some political or social disease into the story, if satire is what it aims at; my pleasure was in the happy simplicity, handled by a far from simple man.

The Monday play on Radio 4, *Hanging Fire* by Lisa Evans, was about the Murder in the Red Barn. Maria Marten, the victim (Patience Tomlinson) was a country girl careless with her virtue. William Corder, hanged for her murder, does not appear by name at all, though there is "a young tot" who picks Maria up at the market.

More interest is paid to Maria's sister Ann (Janet Maw). She falls for an Army deserter, Joe Ash (Paul Copley), but it is Maria who gets Joe's baby in her belly. When we last hear of her she is out with Ann, burning haystacks, and if Maria is dead in the Red Barn, we are not told. It is a Hardy-esque tale, made the more so by the folk-type songs by Andrew Dodge. Cherry Cookson directed.

B.A. Young

Chess No. 628:
1 Nb5! If cxb5 2 Rxc6+ Exd6 3 Bxb5+ Nd7 4 Bxd7+ and 5 Exd6 wins a piece. If 1... Qxe5 2 Rf4 and 3 Ne7+... If 1... Ne6 2 Nd6+ and 3 Qxg4 wins.

An emotional expatriate talks

Martin Hoyle on a dramatisation of Isherwood's 'A Single Man'

CHRISTOPHER Isherwood's novel *A Single Man* appeared in 1964. The story of an expatriate in more than one sense, George is an Englishman teaching in California; he is the emotional expatriate that society traditionally makes of homosexuals, strangers in a strange land, observing alien rules, on their best behaviour and uncertain of where home really is.

Despite the liberalism of the decade, Isherwood's middle-aged hero still has neighbours who either call him queer (the husband) or tolerate him to the point of "annihilation by blandness" (the wife). He also has memories, chiefly of his dead lover, killed in a motor accident, and the play takes together. The stage adaptation by the American Michael Michaelian, in its premiere production at the Greenwich Theatre, cuts between past and present - between bereaved 1962, that is, and the two men's relationship. Prologue and epilogue are spoken by the lover, Jim; George himself moves from participating to direct narration during the action.

The play consists of duets; between George and Jim, present-day George and the student he eyes lustfully, George and the woman who came between them fleetingly but remained a friend, George and the expatriate Englishwoman, the silly, impulsive, good-hearted Charley, so obsessed with her problems that she solves other people's by refusing to acknowledge them.

This character's "wonderful lack of perception" sums up the predominant streak of paradoxical irony, as when George rails against New York pro-European snobbery by condemning the real materialism of the Old World with its emphasis on first editions, good wine, cathedrals. The protagonist's mixture of academic technicalness, wryness, faint prissiness and vulnerable humanity suits Alec McCowen to a T; or rather to the broad A of so many adoptive American accents including Isherwood's (this is, after all, a self-portrait).

Like the book, the play explores age and adjustment, friendship and solitude. Unlike the book, the play takes a nosedive into the banal at the very end. The printed page is kinder to such prosaic resolutions to identity crises as a holiday in Mexico than the spectacle of Mr McCowen coming on like an advertisement for rejuvenating jelly; the mind's ear is more charitable to lines like "George must find another Jim. It's now he must love, it's now he must live" than their utterance on stage.

What finally strikes an uncomfortable chord (sounded by some knowing male laughter from the first night audience) is a detectable element of woman-bashing. The female characters tend to be less intelligent, deluded or tiresome, though Rosemary

Veronica Ivanova is 20 years old. Her physique is lovely, slender, with blonde hair beautifully placed on a long neck, and features still girlishly plump (not a little reminiscent in profile of the young Lydia Lopokova). The Giselles who steps from the cotage is as gentle and unobtrusively trusting as any I have seen. There is a sweet nervousness to her behaviour with Albrecht, and a pretty gravity that recalls Ulanova in the opening moments of the ballet.

The power of Ivanova's Giselles lies, above all, in her communicative clarity. Nothing, not one step or gesture, is forced or weighted with ballerina mannerism: she believes, we believe, and the drama is potent. Ivanova draws us deep into her imaginative world, forcing us - by the very simplicity and directness of her playing - to share Gisel's suffering. And for all the discretion of her style, the interpretation is neither small in scale nor muted in effect: it is, quite simply, heart-rending.

The will Gisel - how lovely the line from nape of neck to shoulders as Ivanova bows to Myrtha - drifts, arms melting, each step as light as her floating tarantula. The vulnerability of the first act girl has become a tragic tenderness for the future. Albrecht, and Ivanova's dance maintains that purity and quiet grace that is the sign of her interpretation. It is a performance already astonishing, but promising of how much more to come. Gisel's shoes were made by Peter Schaufuss, a guest with the Kirov, providing well-man-

nered support, both physical and emotional, for his Gisel. I do not recall hearing more applause for the wills after their first great ballabile in Act 2 than at this performance. Every bravo was deserved: the impeccable and gauzy legions of the Gisel corps de ballet is a marvel of style, training, dedication. Tatjana Terekhova was a magnificent, implacable Queen of the Willis; the peasant pas de deux was admirably done by Irina Gistayakova and Alexander Lunyov; the Courland hunting party in Act 1 had bagged Bambi and his little brother; Igor Ivanov's set for Act 2 is perfect; and I wish Ivanova would not dull her shoes with powder - it is a nasty Western habit.

Alec McCowen: self-portrait of Christopher Isherwood

deny us the pleasure of some good performances including those of William Gamlara's Jim (rather sketchily dramatised) and Neil Roberts, just right as the student who goads George into self-realisation with the freshness, directness and old unattainability that the promised New World, geographical or emotional, holds for all expatriates.

Waris Hussein's slightly reverential production on Saul Radomsky's revolving set tells a good story so straightforwardly as to make one wonder whether it wouldn't be better simply to read the book. But that would



Alec McCowen: self-portrait of Christopher Isherwood

An ideal 'Giselle' from the Kirov

Veronica Ivanova is 20 years old. Her physique is lovely, slender, with blonde hair beautifully placed on a long neck, and features still girlishly plump (not a little reminiscent in profile of the young Lydia Lopokova). The Giselles who steps from the cotage is as gentle and unobtrusively trusting as any I have seen. There is a sweet nervousness to her behaviour with Albrecht, and a pretty gravity that recalls Ulanova in the opening moments of the ballet.

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Clement Crisp

Flighty drama

CONVERSATIONS with George Sandburg, the title of Ellen Fox's new play at the Croydon Warehouse, is completed by the phrase "after a solo flight across the Atlantic." Flights - aerial or of escape - form the theme, intriguingly shared between two very different sets of characters.

At first the two stories seem to belong to different eras, adding a dream-like flavour to the intercutting between them. A young girl comes home after five years away. Her exotrope aunt pumps her for information, her mother is reserved. The scene shifts from the suburban front room of Michael Pavelka's set, to a space where a young aviator, as it were, Lindbergh, is feted by an American president and the press after flying the Atlantic solo in 33 hours. Apart from the pilot's north-country accent, there seems no link between the two episodes. But both girl and young man are hounded, both have secrets.

The link is the disused airfield overlooked by the house where young Bet was brought up by doting mother and aunt after the father, who took her to airshows, vanished. "The first chance he got he flew away," say her elders drily. The two women hoped the girl

sex, all indicate that he is not as other products of Cranwell are.

The half-joking rivalry between the two sisters never quite comes off, but the delicate skirting of cliché in the mother's part, as she changes from emotionally frozen parenthood to a loving acceptance of her daughter's, is finely handled by Tina Gray. The acting throughout is excellent. As the jolly aunt who, it transpires, has left her despised husband dead in bed, Amanda Boxer reminds us that despite the anger, *Wetterschmerz* and *Schadenfreude* that fall so frequently to her lot, she has a light comic touch.

Best of all are the young couple. Amanda Wareing, a feather-light sourette in *Coy* some years ago, is unrecognisable as the chunky Bet, equally solid as a performer. And Sam Dale is touching as deluded George: a beautifully detailed but never overstated portrait. The poetic mood finds the author at most sympathetic; dramatic dialogue has a B-feature ring; and the ending is morally ambiguous. George's illusions are torn away with his helmet; but the imagined reporter still looms over him, is reality worth it - or even attainable?

Martin Hoyle

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Pick of the Week

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INTERNATIONAL

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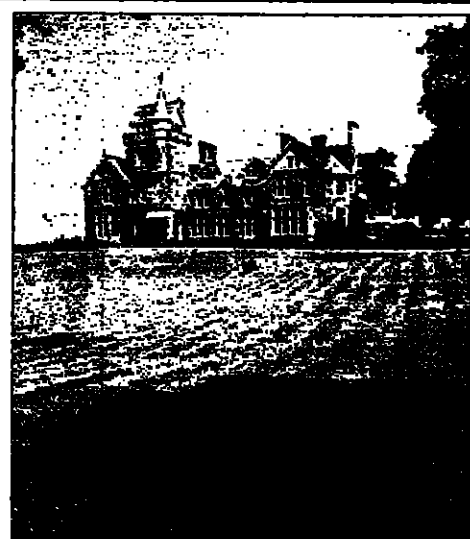
West Norfolk
King's Lynn 7 miles. Norwich 37 miles.
Cambridge 62 miles.
**A fine sporting estate with
leisure and development
potential**
Excellent commercial farm with 5-6 bedroom period
farmhouse, 6 cottages, 2,500 tonnes modern grain storage.
Two small let farms with period farm houses
and further cottages.
Barns with planning consent for 5 dwellings.
Land pending planning decision for 15 hole golf course.
Gravel bearing land. Good shoot over 1,540 acres in all.
107 acres of woodland.
11/2 miles trout fishing on River Boleingley.
About 1,160 acres
As a whole or in 12 lots
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Devon
Exeter 9 miles. Chudleigh 2 miles.
**A magnificent
shooting estate with one of
the finest houses in Devon**
Listed Queen Anne's early Georgian house. Entrance lodge.
Garden cottage. Stable block incorporating 2 cottages.
Excellent gardens and grounds. Mature park and lake.
A renowned pheasant shoot with over 30 days a year.
668 acres of woodland subject to
Forestry Commission Lease.
Leisure development potential.
Licensed clay pigeon ground.
In all about 959 acres
A further 805 acres of woodland also available.
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Apply: Exeter (0392) 433033 or
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Buckinghamshire
High Wycombe 4 miles.
**An exceptional
woodland investment**
A single block in an attractive and accessible
location, including magnificent stands
of mature beech and oak, with good
sporting potential.
About 406 acres
Apply: Hungerford (0488) 883726 or
London 071-629 8171. (JAN/21582)

Stirlingshire
Glasgow 12 miles.
**A lovely residential
estate with loch and
commercial forestry
in superb rural
location**
Fine mansion house with 6 reception rooms,
11 main bedrooms, up to 10 further bedrooms,
3 bathrooms. Swimming pool. Tennis court.
Potential for other uses including offices.
About 609 acres
As a whole or in 5 lots
Joint Agents: C. & S. Properties,
Glasgow (041-842 5080)
Knight Frank & Rutley,
Edinburgh 031-225 7106. (JAN/21582)



Inverness-shire
Beauly 14 miles. Inverness 23 miles.
**One of Scotland's
great sporting estates
set amidst the
grandeur and
seclusion of the
Highlands**
Revered deer forest producing average of
84 stags. Grouse and Pheasant shooting.
Salmon and trout fishing on 8 miles of the
River Feshie and lochs.
Impressive 12 bedroom lodge overlooking
estate. 3 superbly located cottages.
2 of which have just been renovated.
Great variety of wildlife, fauna and flora.
About 30,000 acres
Apply: Edinburgh 031-225 7106. (JAN/21582)



Angus
Dundee 30 miles. Edinburgh 84 miles.
**A fine Georgian house with mature
gardens and wooded policies**
4 reception rooms, 2 bedroom suites, 6 bedrooms and 3 bathrooms.
Billiard room and nursery floor. Self-contained flat.
Immaculate walled garden and grounds. Fine stable block with 2 cottages and
outbuildings and considerable development possibilities. Paddock and barn.
About 57 acres
As a whole or in 4 lots.
Apply: Edinburgh 031-225 7106. (JAN/21582)



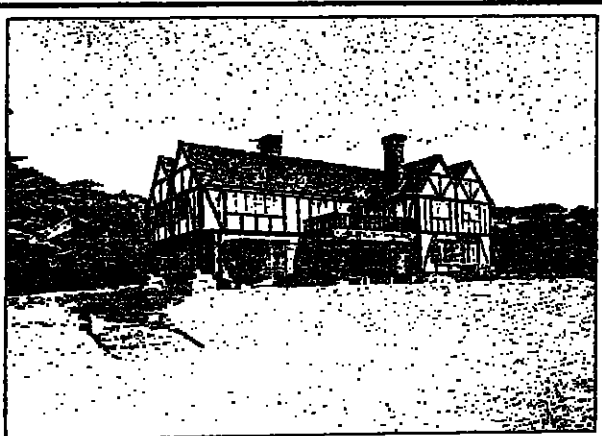
Hampshire
Alton 7 miles. Petersfield 5 miles. London 52 miles.
Heathrow and Gatwick Airports within 1 hour.
**A prime residential estate in
spectacular countryside**
An elegant 18th Century principal residence with 4 reception rooms, 6 bedrooms,
3 bathrooms. Swimming pool. Tennis court.
Excellent small and with stable yard and 16 boxes. Manège. Staff cottage.
Home farm with 5 bedroom farmhouse, 2 cottages
and over 30,000 sq ft of modern buildings.
Potential for superb high quality shoot with 35 acres of woodland.
About 350 acres
As a whole or in lots
Joint Agents: Ian Judd and Partners, Bishop's Cleeve (0459) 896422
Knight Frank & Rutley, London 071-629 8171. (JAN/21582)



Hertfordshire
Chesham 3 1/2 miles. Amersham 7 miles.
Central London 35 miles (via M1 or M40)
**A superbly located residential farm
on the edge of the Chilterns**
Attractive William and Mary period house with 3 reception rooms,
and 8 bedrooms, 2 further cottages.
Range of modern and traditional farmbuildings.
30 horse boxes.
About 158 acres
Apply: Beaconsfield (0494) 651368 or
London 071-629 8171. (JAN/21582)



Hertfordshire
Royston 6 miles. Newmarket 16 miles. M11 (J10) 2 1/2 miles.
London 50 miles. Cambridge 11 1/2 miles.
**An exceptional William and Mary
Grade II* listed house
overlooking a deer park and downland**
Reception hall, 4 reception rooms, master bedroom suite, guest bedroom suite,
6 further bedrooms, 3 further bathrooms.
2 cottages. Extensive range of outbuildings. Garaging.
Green tennis court. Heated swimming pool. Stable yard with 12 boxes.
Deer park with handball facilities. Mature gardens and paddocks.
About 120 acres
Apply: Christopher Stephens International Ltd (0635) 528685
in association with Knight Frank & Rutley, London 071-629 8171. (JAN/21582)



Warwickshire
Birmingham 19 miles. Leamington Spa/Warwick 1 1/2 miles.
M40 Access 6 miles.
**A distinguished and imposing house
set in magnificent mature
landscaped grounds**
5 reception rooms, 7 bedrooms, 4 bathrooms. Central heating.
Heated swimming pool. Hard tennis court. Garaging for 6 cars.
Gardens, grounds with shrubbery and spinney. Paddocks.
About 7 1/2 acres
Apply: Stratford upon Avon (0789) 297735. (JAN/21582)



Surrey
St George's Hill Weybridge, London 20 miles.
Heathrow and Gatwick 30 minutes.
**A superb new house in delightful
gardens within this exclusive
900 acre Estate**
4 reception rooms, conservatory, master bedroom suite, 2 further suites,
2 further bedrooms, bathroom. Triple garage, gas central heating.
Landscaped gardens.
About 1 acre
Offers in the region of £280,000
Apply: Esher (0372) 64496. (JAN/21582)



Surrey
London 40 miles. Guildford 11 miles. Haslemere 5 miles.
**A charming listed 17th Century house
in an unspoilt rural position**
Reception hall, 3 reception rooms, master bedroom with ensuite bathroom and
dressing room, 5 further bedrooms, 2 further bathrooms, cellar.
Garaging, period coach house with potential to convert to
ancillary accommodation subject to the necessary planning consent.
Central courtyard, outbuildings, horse boxes, tennis court.
Magnificent gardens and grounds with walled garden. Paddock.
About 8 acres
Apply: Guildford (0483) 65171 or
London 071-629 8171. (JAN/21582)



East Sussex
Vines Cross, Heathfield 5 miles. Tunbridge Wells 17 miles.
Stonington Station 10 miles. (London 1 hour).
**An attractive Grade II* early Georgian
house surrounded by farm land**
4 reception rooms, 7/8 bedrooms, 2 bathrooms.
Oak house, Hard tennis court. Heated swimming pool.
Paddocks, gardens and grounds.
About 6 1/2 acres
Apply: Tunbridge Wells (0892) 515035 or London 071-629 8171. (JAN/21582)



Ayrshire
Troon 1/2 mile. Ayr 7 miles. Glasgow 32 miles.
**A luxurious house in a superb location
close to Royal Troon Golf Course**
3 reception rooms, master bedroom suite, 5 further bedrooms.
3 further bathrooms. Gas fired central heating.
Double garage with 2 more rooms.
Beautiful garden with mature trees.
About 1 acre
Offers in excess of £230,000
Apply: Edinburgh 031-225 7106 or Kirkcubright (05877) 416. (JAN/21582)



Surrey
Reigate 4 miles. M25 2 miles. London 30 minutes by train.
**The major part of a turn of the century
house with stunning views
from the North Downs**
Reception hall, double drawing room, library.
4 bedrooms, 4 bathrooms. Garaging for 8.
Extensive gardens and grounds. Paddock. Outbuildings.
About 14 acres
Offers in the region of £450,000
Apply: Esher (0372) 64496 or Guildford (0483) 65171. (JAN/21582)



Herefordshire
Hereford 6 miles. Ross-on-Wye 8 miles. M50 7 miles.
**A beautifully situated country house
overlooking the River Wye**
3 reception rooms, 4 principal bedrooms, 4 secondary bedrooms, 2 bathrooms.
Oil central heating. Double garage. Greenhouse and garden outbuildings.
Superb gardens and paddocks.
About 1 1/2 acres
Offers in the region of £340,000
Apply: Hereford (0432) 273087. (JAN/21582)



West Leicestershire
Sibson, Birmingham 22 miles. Leicester 15 miles. M42 6 miles.
A fine detached Georgian rectory
Reception hall, 3 reception rooms, 5 bedrooms, 2 bathrooms (one ensuite).
Triple garage. Outbuildings. Gardens.
About 1 acre
Joint Agents: Black Horse Agencies, Leicester (0533) 551518
Knight Frank & Rutley, Stratford upon Avon (0789) 297735. (JAN/21582)

STRUTT & PARKER

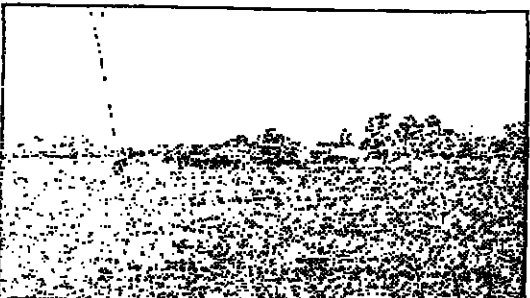
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DOFFSET - Nr. Shaftesbury, Shaftesbury 2 miles, Blandford Forum 9 miles. A fine 18th Century stone rectory set in a commanding position within an area of outstanding natural beauty. 6 reception rooms, wine cellar, 7 bedrooms, 5 bathrooms (3 en suite), mature gardens and grounds. Hard tennis court. Paddock. About 2.8 acres. Region £425,000. Salisbury Office: Tel. (0722) 28741.

Ref. 7AD817.



YORKSHIRE - The Foggathorpe Estate, York 12 miles, (M62) 7 miles. A highly productive mixed estate with 1000 acres and 1000 acres of land. Principal house, farmhouse and cottage. 2 stable farms. Woodland. Sporting rights. About 700 acres all with vacant possession. 2 dairy farms and 1 mixed farm. About 648 acres let and producing £27,500 p.a. in all 1348 acres. For sale as a whole or in 8 lots. J.A. Brown Taylor: Tel. 071-242 8274. Strutt & Parker Harrogate Office: Tel. (0423) 561274.

Ref. 10A81412.



SOUTH WILTSHIRE - (A303/T/M3) 1 mile, Salisbury 18 miles. An outstanding Georgian Grade II house with 17th Century interior. Fully modernized and in a totally superb rural position. Hall, 3 reception rooms, study, kitchen/breakfast room, 7 bedrooms, 5 bathrooms. Garaging, stabling and outbuildings. Landscaped garden. Paddock and woodland. Let cottage. Period cottage. About 16 acres. As a whole or in 2 lots. Salisbury Office: Tel. (0722) 28741.

Ref. 7A085.

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Telephone: 071-629 7282



EAST LOTHIAN - Aberlady, Edinburgh Airport 25 miles. Gullane 3 miles. A most attractive country house with superb views over the Firth of Forth, only 10 minutes from the Edinburgh Golf Course. Hall, drawing room, dining room, study, kitchen, 4 bedrooms, bathroom, shower room, linen cupboard. Garage, summer house, greenhouse, garden stone. 2 orchards, gardens and grounds. About 1.4 acres. Excess £275,000. Edinburgh Office: Tel. 031-226 2500.

Ref. 28A4106.

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Norwich 18 miles, Watton 5 miles.
An outstanding commercial and residential farm.

Principal house with 5 reception rooms, 7 bedrooms, staff flat and swimming pool in mature wooded garden. Managers house, lodge and 2 lodge bungalows. Extensive modern farm buildings with grain storage for 3100 tonnes. Attractive amenity woodland. First class arable farm with potential for irrigation.

About 1250 acres.

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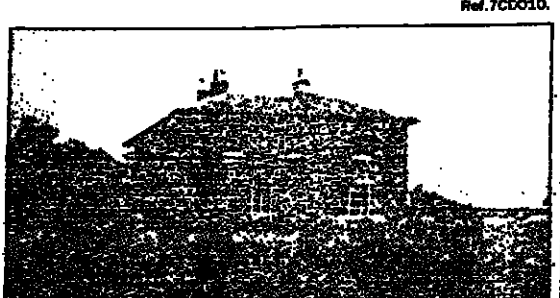
London 24 miles, Amersham 6 miles, St. Albans 8.5 miles.
An excellent residential, sporting and agricultural estate in a magnificent rural setting.
Grade II Georgian house with 3 cottages, 3 farmhouses, 5 attractive cottages and estate office. Excellent range of traditional and modern farm buildings. Outstanding pheasant and partridge shoot. 1118 acres arable farmland, 324 acres woodland. About 1474 acres. For sale as a whole or in up to 8 lots. London Office: Tel. 071-629 7282.

Ref. 1A68370.



WILTSHIRE - Amesbury. (A303/M3) 1 mile, London 85 miles, Salisbury (Waterloo 90 minutes) 8 miles.
A most unusual attractive town house with a totally secluded mature setting. 3 reception rooms, 6 bedrooms, bathroom. Unique ornamental tower. Single garage. Charming well stocked garden. Region £285,000. Salisbury Office: Tel. (0722) 28741.

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DERBYSHIRE - Uttoxeter 3 miles, Derby 20 miles (London St. Pancras 90 mins.). A fine Georgian house in an elevated position south facing over the River Dove. Hall, 3 reception rooms, breakfast room, 7 bedrooms, 3 bathrooms. 2 bedroom cottage. Coach house with p/c. Walled gardens. Hard tennis court. About 5.2 acres. Region £450,000. Joint Agents: Black Horse Agencies: Frank Innes: Tel. (0332) 31181. Strutt & Parker Chester Office: Tel. (0244) 320747.

Ref. 12A02097.



WORCESTERSHIRE - Malvern 6 miles, Upton-upon-Severn 4 miles. A fascinating Grade II house of 18th century origin requiring restoration, in an idyllic setting. 3 reception rooms, 6 bedrooms, 2 bathrooms. Outbuildings. Partly walled gardens. Large lake, amenity woodland and paddocks. About 17 acres. Excess of £450,000. J.A. David A Thompson FRICS FAIV: Tel. (0432) 278888. Strutt & Parker Moreton-in-Marsh Office: Tel. (0608) 50502.

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WESTER ROSS, SCOTLAND. ABOUT 800 ACRES
Island, 1 mile from mainland. 3 piers. Superb for sailing, sea fishing and other water sports. 1 cottage on mainland. 5 let and 4 vacant cottages on the island: rental income £38,000 p.a. For sale with mainly vacant possession. OFFERS OVER £800,000.

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YELDON, NORTH BEDFORDSHIRE
Bedford 6 miles, London St. Pancras 50 minutes

A delightful country cottage, having undergone considerable renovation yet retaining the important period features contributed to a property of this status.

Hall, three reception rooms, kitchen/breakfast room, four bedrooms, family bathroom, garage, private garden, delightful views.

OFFERS IN THE REGION OF £139,000.

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A SUPERBLY LOCATED VILLAGE HOUSE SET WITHIN PICTURESCAPE GARDENS TOGETHER WITH PADDOCK IN ALL ABOUT 3.46 ACRES

Five Bedrooms, Two Bathrooms, Spacious Hall, Kitchen/Breakfast Room, Chandelier, Drawing Room, Dining Room, Study, Library Room and Tidy Utility, Double Garage, Double Glazing, Central Heating, Enclosed Heated Swimming Pool.

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THE OLD CURATES HOUSE

4 Reception Rooms, 4 Bedrooms, 3 Bathrooms, 3 Aftic Rooms, Heated Swimming Pool, Grass Tennis Court.

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Highly attractive and varied 928 ACRES Forest Estate
Prime Forestry Investment.
Low lying and well established woods aged 14 to 17 years showing exceptional rates of growth.
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For Sale as a Whole or in 7 Lots.

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Joint Agents:
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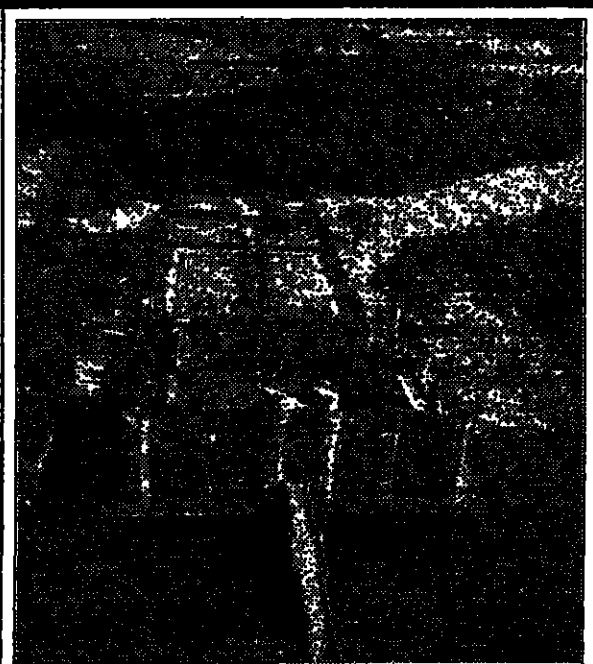
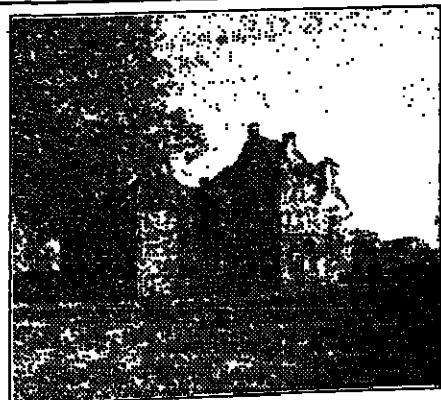
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The Watergate Park Estate
Goodwood 5 miles, Chichester 10 miles, Central London 65 miles, Gatwick Airport 44 miles.

One of the finest estates on the South Downs.
Palladian-style house overlooking mature parkland, 5 reception rooms, 9 bedrooms, 8 bathrooms.

Substantial 5 bedroom farmhouse, 7 estate cottages, stable block.
A well equipped and highly productive mixed farm with modern farm buildings, outstanding driven pheasant shoot.
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Edinburgh City Centre 17 miles.
Glasgow 36 miles.
Magnificent compact estate with a superb mansion house and stable complex set in 89 acres of parkland and policies.
Pitliver House: 4 reception rooms, 8 bedrooms, 5 bathrooms.
Estate square, estate office, 3 cottages, and further development potential.
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Tennis court, glasshouses, polo field, walled garden.
About 89 acres.
For sale as a whole by private treaty.
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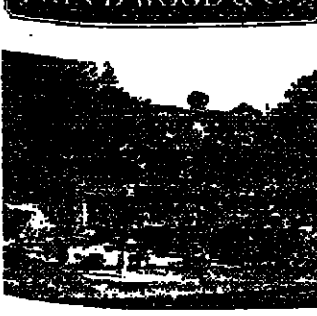
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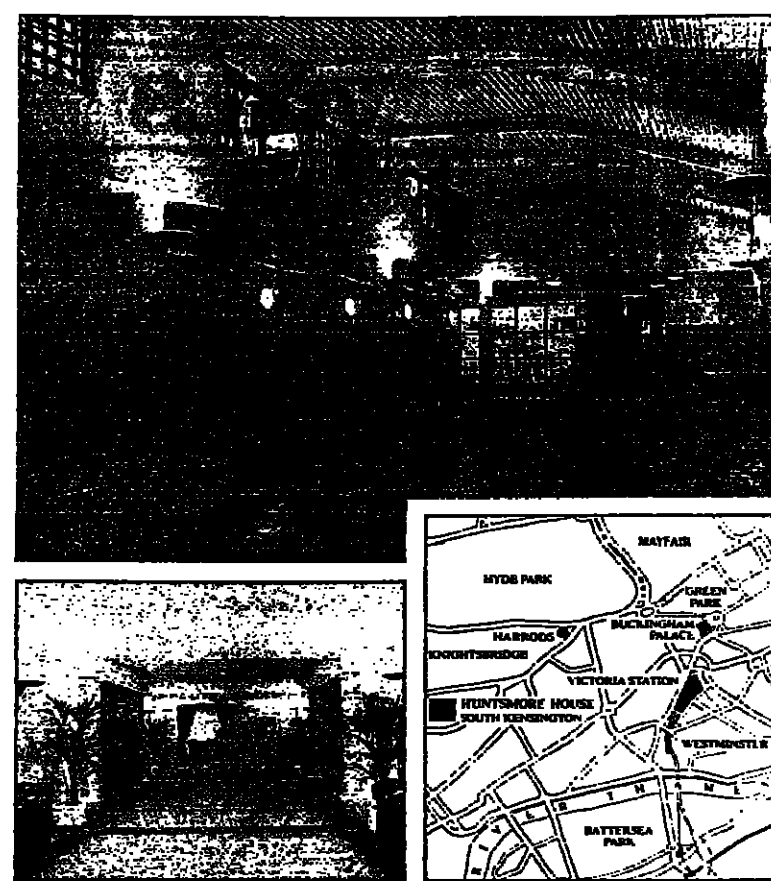
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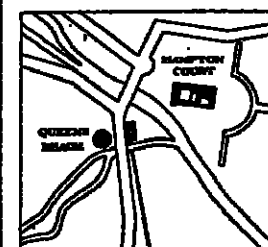
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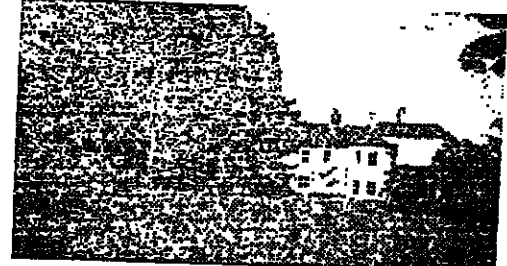
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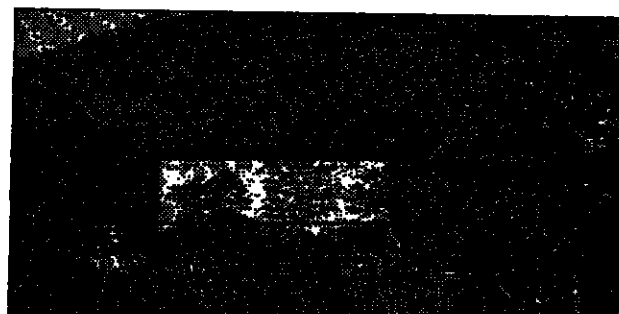
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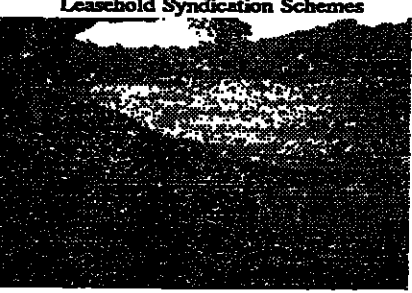
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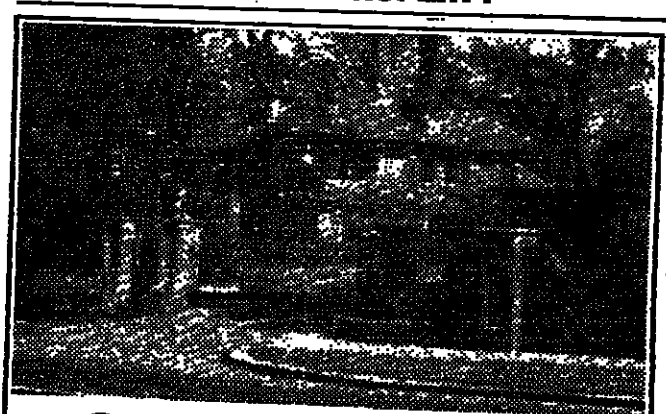


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John Smith

Caught out in a land of plenty

Rivers of the East: Tom Fort finds he can tempt only tiddlers in Hungary

THERE IS one word in the notoriously intractable Hungarian language that I can pronounce with authority. It aptly summarises the majority of my fishing experience there, and at one stage threatened to become their epitaph. The word is "semmi". It means "nothing".

I became aware of it at a lake near Budapest said to contain carp, pike, trout. The creatures present in the greatest numbers, however, were large, noisy frogs, and I was reduced by the inertia of the water to experimental casting of a fly. The "Frog Hooked on Fly" can be seen in the accompanying photo.

By the time I had completed two days at Lake Velence - 40 miles or so south-west of Budapest - the "semmi" refrain was becoming increasingly familiar. It travelled with me like a bad cold, when I switched direction to the east, to spend a weekend camping beside Hungary's second great river - the Danube - the Tisza.

I was taken by Tamas Hajos, an enthusiastic member of Hungary's new entrepreneurial breed, who runs a joint venture with a big West

German company selling sporting equipment and arranging hunting and shooting trips. He told me of the great sport to be had in the Tisza's slow, murky waters, and in the reservoir created by its dam at Kiskore - tales of mighty carp and monstrous catfish.

I trembled in anticipation of the slaughter to come - then watched as a series of violent storms turned the river a billious unfishable yellow. The resident expert who was looking after me shook his head, and proposed - at least I think he did - that we should try to spear a carp. By this stage I was ready to handle explosives. But the carp remained invisible and the spear - if that is what it was - was never thrown.

One afternoon I sat beside the water and watched an enormous patch of huge yellow mayflies, for which the Tisza is famous. As the insects struggled and died on the

surface in their tens of thousands, I thought nostalgically of England and English trout, and the feast they would have made.

Hungary has many riches - its climate, its wine, its food, the beauties of its countryside and culture. But in the matter of trout it is sadly deficient. However, the country has one trout stream, the Vízsló, which flows into Lake Balaton. Arrangements had been made for me to fish it, and this - I thought - would be my chance. After all, I told myself, I am really a trout man, out of practice in the pursuit of the so-called coarse species.

Confidence began to seep away with my first glimpse of the Vízsló. Remarkably, it is a genuine chalk stream, its water as clear as the celebrated apricot brandy of Keszthely, rich in shrimp and other food, a paradise for trout. But where were they? More to the point, how to get at them?

Wherever I looked was a riot of head-high vegetation competing for space with innumerable trees, with the minute stream bubbling along somewhere in the middle. The blighted by unrestrained tourist development - I finally caught a fish. It was a silver bream, a species not generally held in high regard, as it comes coated in viscous slime and has the battle prowess of a damp handkerchief. But this one, all six ounces of it, I could have kissed.

That night I was taken out to fish for zander, the pike-perch prized throughout central Europe for its flavour. Its sporting qualities seem less excited, although - to be fair - the rod with which I joyfully dragged a two pounder to the boat would have been adequate to subdue a hammerhead shark.

Sport, in the sense of the fight of a fish, does not figure prominently in the Hungarian angler's philosophy. He fishes because he loves fish, and he loves to eat fish. Everything I saw caught was kept and later devoured. When I explained that in England coarse fishermen tenderly

return their captures to the water, I was regarded as if I had been a propagandist for the Flat Earth Society.

For the finale to my Hungarian adventures I returned to the Tisza as the guest of Gabor and Marta Hegedus, who organise fishing at the town of Tiszafured. By now the rains had abated, the river had assumed a more wholesome colour, and I was assured that the prospects were good to catch the fish which was the summit of my Hungarian ambitions, the wels or giant catfish.

This creature is the stuff of legend, growing to more than 200 lbs, with a voraciousness to match its appearance is nightmarish: a huge flattened head with a mouth like the inside of a cross-channel ferry, snake-like feelers sprouting from its snout, and an elongated blotchy body packed with muscular power. I had expected to use something

pretty substantial for bait, like a dead dog or a side of wild boar. Instead, a worm and a large burrowing insect unfamiliar to me were impaled on my hook, and these I hurled into the depths. More hours of bottom-numbing immobility ensued, for patience is among the prime requirements when the catfish is the quarry.

But, as fate beckoned again and the chorus of "semmi" arose, suddenly the rod tip was wrenched down and my guide shouted "har-sca" (pronounced horcha), the Magyar for catfish. I struck, and felt the strength of the beast. Unfortunately it was not one of the monsters, but an evil-looking fellow of 5 lbs or so. Still, a catfish it was, and the flesh was as delicious as the creature is hideous.

That was it. Three fish for eight days of exertion. On balance, I cannot claim that the reputation of English angling was enhanced in my bungling hands. I recall with some embarrassment a letter from the Hungarian Fishing Association inviting me to exercise what is described as "your professional skill." I fear I must learn a new word: What is the Hungarian for "imposter"?



Notion of casting a fly was laughable. After some hours of futile wrestling with the forces of nature I was forced to confess "semmi". On Lake Balaton itself - which, I am sorry to report, has been

THE FINE new visitor centre at the Royal Horticultural Society's new garden at Rosemoor in north Devon is open and fully operational, although there is still a lot of planning to complete.

But the old garden, on the other side of the road - the one that Lady Anne Palmer gave to the RHS three years ago - is looking very mature and beautiful as I discovered when I visited it a few weeks ago. All of this is perhaps a little explanation.

Lady Anne actually gave the RHS a mature eight-acre garden in the valley of the river Torrington on the east side of the B3229 which runs from Great Torrington to Exeter as well as 32 acres of meadows with farm buildings on the other side of the road.

The entrance to Rosemoor is about a mile out of Great Torrington, but the new visitor centre is another half mile or so out of town in what was formerly farmland. It is rapidly being turned into a new kind of garden.

Car parking is on this western side of the road. A pedestrian tunnel has been made beneath the road to connect the gardens so there is little vision except at tree-top level. This is probably just as well as they are totally different gardens in conception.

The contrast between them is very interesting since it involves two alternative approaches to garden-making: that of Lady Anne, the gradual build-up of the plant collector, piece added to piece to suit the plant material that happened come to hand; and that of the RHS design team, in a hurry to get results and having virtually everything planned on paper before the first bulldozer moved in.

In the old garden it is difficult to find a straight line, while in the new one everything seems to be conceived in them.

It would be unfair to compare the effect at this stage since Lady Anne's garden is full of mature, or semi-mature trees and shrubs, as well as many well-established herbaceous plants.

On the other side of the

Remote beauty that's worth a visit

Arthur Hellyer enjoys the Royal Horticultural Society's new garden in north Devon



road, in contrast, there are hundreds of old-fashioned and new roses planted in formal patterns with climbers on massive tripods and herbaceous plants in very long borders although, at the moment, more timber is to be seen than plants. A year's growth will make a big difference.

Many features still only exist on paper and will be added as time permits. Room will also be provided for plant trials to

supplement those in the RHS garden at Wisley, Surrey, in this heavier soil and milder and moister west-country conditions.

It is an exceptionally beautiful site, with the valley well wooded and the native trees becoming ever denser as one proceeds southwards on the western side where the new garden is.

The visitor centre is perched on a large terrace bulldozed

out of the valley side and commands an excellent view of the whole valley. It also looks down on the rose gardens, the herbaceous borders and the river.

A well-stocked plant centre is at the same level, and wide stone steps sweep down from it into the new garden.

Lady Anne's garden is divided by the long drive which enters near the north, sweeps through the garden in a

gentle bow and exits quite a long way down the road towards the new visitor centre.

A pond straddles this long slip of land giving it a fine, midway landscape feature of which full use has been made of waterfalls, plants, trees and shrubs placed to create pictures and to frame views. It is all very attractive whether viewed southwards from the house or in the opposite direction towards it.

On the other side of the drive there is a greater division of space and some ingenious conversion of old features has been done in the last 30 years. A tennis court has been converted into a conifer garden, a kitchen garden filled with variously shaped beds, some raised and filled with special soil to suit difficult plants, and a delightful paved garden with stone-built summer house and one of the finest specimens in Britain of Rock's tree peony, a magnificent species with white, high-bellied flowers.

The old paddock at the end of the garden is now a rapidly-maturing arboretum which was first planted in 1975.

Great pains were taken to obtain the most information about each young tree planted, including the exact place where it or its parents came from - information of great use to ecologists and by no means always available.

Planting was deliberately done to close for maturity since young trees like to have the shelter of companions but a studied policy of thinning has been carried out and now most of the trees are in fine condition although there was storm damage last winter.

Fears have been expressed that the comparative remoteness of Rosemoor might restrict visitors, so I was interested to discover that Great Torrington already has a thriving tourist attraction - the Dartington Crystal glass factory.

Like Rosemoor it has a good restaurant and other visitor facilities, and for coach operators the two attractions should fit admirably.

Rosemoor is open every day except Christmas Day from 8am until sunset.

Oh, the anti-climax

THE RAIN has at last made ingenious gardening possible. We all face the same prospect: gardens which have been catapaulted into early splendour and will probably look tired from mid-July onwards. This weekend, I will be planning for the anti-climax. I will be busy with the job which is usually confined to springtime: seed-sowing, directly into the gaps in flower beds.

I can claim a measure of experience. Last year we ran into a long dry spell in early summer which delayed our annuals' germination; they went in belatedly, made the most of a dry season and were a godsend in autumn. This year, I have a better idea of starters and non-starters.

I will exclude anything which needs to be sown in a box. Some of these families are available from garden centres but, if not, either try their red flax, pale blue Love-in-a-mist and some good single poppies, or have a go with the other varieties which I suggest. They are listed by Chiltern Seeds, Ulverston, Cumbria. The telephone number is 0229-581-137, and an answering machine will serve you around the clock and allow you to order by Access and Visa. "Sending away" used to be a landmark in the art of old working class gardeners. Now, it is just a matter of flashing your plastic.

My top six, last year, were sown in June and in descending order of height turned out as follows: the bulkiest was the Malope, which is a relation of the Mallow. All the forms are good, though the naming is a muddle: Chiltern has one called Vulcan which is a tetra-pod form with extra vigour and strength of colour to its red flowers. It grew like mad with the help of a gentle host and filled a mid-border gap in late summer in Oxford which had been left by the early departure of the Pope John Paul (in gardens, he is an upright, spotlessly white form of Lupin).

Corn Cockle is an old friend

here for emergencies. May I remind you about the scope for late sowings of this easy plant, called Agrostemma, which has such a delicacy of line and petal and reaches a height of 2.5 ft before October? It is a slender plant, so you should not thin it out too drastically.

Alternatively, try one of the Spanish forms of Love-in-the-mist, which finally made it past 2 ft in time for late September. Chiltern Seeds lists one called Nigella Hispanica Curiosity which was given to me in 1989 and was one of our surprises. It grew strongly and flowered furiously in a good shade of deep blue with a touch of maroon to the centre. The flowers were surprisingly big (Chiltern suggests that

Robin Lane Fox with advice for tired-looking gardens

they are scented, but I never noticed).

At around the 2 ft level, experiments come thick and fast. Almost every seed-rack stocks the low-growing forms of the dark blue Phacelia, which is lovely. The tall forms are much less familiar but I have always liked Phacelia Visca, which is taller and spikier and flowers at 1.2 ft. The colour is that marvellous deep gentian blue which most of this family offer. Each flower on the spike has a white eye, and although the plant is not tidy I am fond of it, although it is almost totally ignored.

In a similar, contrary mood, I like to see a good, deep shade of pink. Here I am a great fan of Soapworts, to the point where I think that I am almost their only fan left. Admittedly, one of them used to be called Bouncing Bet, which uncannily reminds me of a past pupil. However, like all the other forms, BB was an amazingly easy plant.

In the 17th century English

gardeners grew dozens of varieties, including a double white form which has gone into overdrive with me this summer. From seed I like Saponaria Pink Beauty, which bears flowers of a deep, unmistakable pink. It is almost a weed, but I am fond of it and it is a good filler.

There is nothing weedy about the best forms of flax. Almost any shop sells the red form of Linum (rumex), but they are amazingly unlikely to sell the white form which is even better (Chiltern calls its Bright Eyes). The white is a bit taller but it has red centres on its glistering flowers. Last year it was a wonderful late start and was a blessing in the foreground among faded roses. The plants must have full sun in order to open their flowers and they are very thin and willowy. I have an old and nearly forgotten friend, Viscaria Oculata, which used to turn up in cottage gardens where its open flowers with a clearly marked eye were quite charming. For some reason we have all gone off it since the cottages changed hands and part-timers took over. It is a bit slender, perhaps, but in only nine weeks what can you expect? I like its delicacy but unfortunately it comes in mixed colours, some of which are rose-pink.

Perhaps you know these forms already, but I doubt it and so the experiment could be fun. They are stupendously easy to grow and they set their own seed for next year. For some reason, the new gardeners are needlessly shy about seed packets and prefer to buy everything in black containers and shovel them into the boot of the Volvo. In fact, all these flowers can be sown directly into a smoothly-raked piece of ground. Follow the packet's order, line the seeds in shallow drills, water them if we have another beastly spell of sunshine and then them in three weeks' time. The weather at the moment is perfect for the job and I foresee it as a way out of late summer exhaustion.

Country Notes

Manure rules pile up

THE COWS cantered down the field and stopped abruptly at the fence. Stopped, suddenly, to be so near a human, they crowded away again, relaxing their freedom from the covered yards in which they spend the winter. Then, settling down, they munched at the glossy new grass.

Such was the scene on a recent Sunday morning as I did the washing up. The darker side of this country idyll, however, was hidden only by the thickening greenery of the garden hedge. A month earlier a great yellow digger began earth excavations. Today, little more than 100 yards away, earthworks the height of a man conceal a new slurry pit the size of a football pitch.

For the first time the British Government is promising to control what farmers do with the manure from their livestock before they create a pollution incident. Roger, my neighbour, like thousands of other dairy farmers across the UK, is desperately trying to build his new installations in advance of the new rules. If he does so, he will be exempt from them - at least for the time being.

Roger's cows, like others kept under today's intensive farming systems, produce a prodigious amount of manure. Just as they consume a great deal of silage. This is the wild grass feed which usually sits and ferments under black polythene sheets held down by dozens of old tyres. The liquor from silage is 200 times more polluting than human sewage.

The main environmental problem is that both substances get into rivers and streams, killing fish and other aquatic life - although in Hol-

land the actual soil is being ruined by the phosphorus in the manure and as anyone who lives near a dairy or pig farm can attest, air pollution by slurry can be intense.

At almost any time of the year, if the pit begins to get too full, the farmer may decide to spray the slurry on the fields through a villainous piece of equipment that uses blades, like those of a helicopter. Roger does his best to let us know when he is going to have his main slurry spreading. This generally happens in July or August about a week. It's then you pray for wet weather to kill the smell more quickly. Even so, you put your nose out of doors - or your washing on the line - at your peril.

In the old days there were smells, of course, but less intensive farming meant far fewer real pollution problems. Cows were left in the fields to graze for most of the year and they were bedded on straw and fed hay. Their dung went on the grass as harmless cow pats while the winter's farmyard manure would be well rotted down before it was used as fertiliser.

Today the cows are lucky if they are on the fields for a few hours a day for half the year. Much of their time is spent in concrete yards, urine and faeces being shovelled daily into the slurry pit, made either of steel or concrete, or more often just dug out of the clay soil which underlies so much good dairy pastures. Hay has virtually disappeared. Cows now eat mainly silage, a concentrated feed virtually unknown 20 years ago. In the 1970s about 4m tonnes

of the stuff was used; today it is more than 40m tonnes. Sometimes, thanks to the use of nitrate fertiliser, farmers get three cuts of grass a season.

Roger had such a good year in 1988 that he built a second silage clamp. So now there are two stages and two slurry pits near the farmyard.

The new restrictions will be in force sometime this summer, according to officials, who acknowledge that the principal reason for their introduction is the burgeoning power of Europe's environmental lobbies.

Formerly, Britain's new regulations will be part of the effort to implement the EC's directive specifying maximum nitrate quantities allowable in drinking water. For the first time farmers will have to conform to strict rules when they build slurry pits or silage clamps. Both will have to be of a certain size and capacity and built so precisely that, according to the official consultative document, "professional advice would almost certainly be needed for the construction of all slurry installations."

This is not a prospect that most farmers relish, able for so long to do virtually what they pleased on their farms. In spite of the Government's offer to pay 50 per cent of the cost of new properly-regulated installations, I suspect most farmers will do their own thing; for, in the end, they will decide that this is cheaper. And anything built now will prove exempt from the new rules - at least until their cause pollution, when prosecution could follow.

Bridget Bloom

Archaeology

Elephant slaughter: a story old as time

Syria. Elephants were hunted there near the 9th century BC. Then they disappeared. The word in Linear B Greek for ivory (e-re-po) is an oriental word borrowed from the Hittite language of Anatolia - and, swapping I for r, the origin of our word elephant.

The best document of the Levantine ivory trade is a shipwreck of 1300 BC, when a boat laden with copper, tin and glass ingots, Cypriot pottery packed in large storage jars, and Syrian goldwork, sank off south west Turkey near Kas. Probably sailing to the Aegean, it also had on board an elephant tusk and a hippopotamus tusk.

Hippo ivory is taken from the animal's lower canine and lower incisors and is denser, harder and whiter than elephant ivory, but elephant ivory splits in straighter lines, which makes it better for inlays.

When the African elephant disappeared in Egypt, hippo ivory started coming to the Aegean. Thereafter the Egyptians had to get their elephant

haman), she picked her gold earrings or lapis lazuli necklace from an ivory box. The box might have hunting scenes carved on it, or be designed to resemble a shrine.

A list from the Mycenaean palace at Pylos reads like an insurance inventory. In Egypt, and from Mycenaean to Mesopotamia, rich and royal households had ivory. In Tutankhamen's tomb, the ivory objects were intact, but usually they are found as shivers that must be stuck together. Ivory does not erode but wooden parts perish, unless they have been preserved under water or in the sands of Egypt.

The most exciting finds in ivory are figurines and statuettes like the heads in Philip's tomb or the bull-leaping combat from Knossos. A spectacular new find from Crete is a large (16 in high) statuette of a young man from Palaikastro in the east of the island. Recovered in many pieces, it mends up as a young man emerges after repairs. The ivory has a glorious patina but was partly covered in gold leaf. His eyes are rock crystal. His ivory hands are clenched and the veins on his arms stand out in stunning realism. His head is stone, with a braid of hair down the middle and the rest of his scalp shaved: a "punk" style that young Minoan males wore as a rite of passage.

The palaces and temples ran the ivory workshops and stored the tusks. In the Cretan palace at Zakro two whole tusks were found beside a heap of copper ingots that may have been made in Cyprus. The tusks were probably from

ivory from abroad. Tuthmosis III (1479-27 BC) said he killed 120 elephants (this in the days before big game guns) in the Orontes valley in Syria, while his mother Hatshepsut was on a campaign to Somalia and returned with ivory, which she showed on the walls of her great temple at Deir el Bahri near Luxor.

The hippopotamus was easier prey. It lived in marshes in the Nile and rivers in Syria, where it could be harpooned. Hippo bones have turned up on digs in Syria and near Tel Aviv, and in Egypt many more objects have been found in hippo ivory than in elephant - at least until Hatshepsut's reign.

The hippo survived in Egypt into recent times, except in the Nile delta where it became extinct 300 years ago. In Syria it probably died out when the elephant did - 2,500 years ago.

Endangered species make an old story, for which the Bronze Age kings of the east Mediterranean are partly to blame. It is unlikely they cared and certain they would not have



King Ferdinand: a late 19th century Dieppe Ivory figure

destroyed their stockpile of ivory, as was suggested earlier this year for the 750 tonnes (100,000 elephants) then stored in Hong Kong.

Gerald Cadogan

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FOOD & WINE

Quantity before quality:
it's all a matter of taste

IN ONE sense at least, the wine trade dreads big orders. With just one production run each year, wine is by no means an infinitely extendable commodity.

A really big order for a single wine can be embarrassing, especially at the top end and particularly for fine burgundies which are rarely produced in more than a few hundred cases. But it can even be difficult to provide such a big consignment at the lowest end of the wine market.

One of the biggest-selling "house wines" in Britain is Arc de Triomphe, the table wine used throughout the Trusthouse Forte group and sold on by their wine suppliers Grisons to hundreds of other customers, mainly in the catering trade, often with their own label on it. If the Vin du Patron in your local golf club tastes uncannily like those little bottles of plonk at Heathrow airport, this could well be the reason.

Peter Hampson, the man charged with finding the 2.5m litres needed to fulfil this annual requirement, would be delighted if you noticed a similarity. His chief concern is consistency of the blend - or rather blends since Arc de Triomphe comes in various colours and degrees of sweetness.

It would be naive of course to assume that such a wine comes from a single, particularly large estate. It would take something like a 2,000-acre vineyard to supply all the ingredients needed for the very successful off-licence brand, Plat d'Or (which, as a sign of the times, is at long last being bottled in France rather than in Holland, Essex).

These wines are blends of many different wines belonging to the huge table wine category to which half of all French wine produced still belongs, together with doses of grape juice carefully measured to determine whether the wine is labelled dry, medium dry or sweet.

Consistency is almost more important than quality at this anydone end of the business. Customers can hardly come back and complain: "Ere, this tastes nothing like vin de table!" On the other hand, they can, and sometimes do, say: "Ere, this one's sweeter than the last one."

Another problem nowadays is financing such a large purchase. Until this year, table wine has been so plentiful that producers and blenders in France could allow

generous long-payment terms.

"Now growers are asking for 30 days credit, and that's it," according to Hampson. "The blender has to actually take the wine from the producer now and hold it, under nitrogen usually, until we need it."

The blenders are trying to pass this on to us which, what with currency movements plus the 20 to 25 per cent increase in base price in France this year, is putting very severe pressure on margins.

Some of us are losing no sleep fretting about Lord Forte's margins.

Indeed the falling production of table wine around the world may well spell an end to the era of dull house wine whose principal virtue was the consistency of its dullness. And not before time.

When a restaurateur or wine merchant can buy a characterful wine available in a limited quantity at almost the same price

The consumer is getting worse wine because the "retailer" feels the need for standardisation

as his share of a bland, blended wine - the price of which has been inflated by the fact that it has to be bought in such large quantity - why on earth should he bother?

For some reason, wine suppliers are more fearful of applying such financial thumbcrews to buyers from the large supermarket chains. Unperturbed by terrible tales of their counterparts being left in the lurch with a massive but spurned order all labelled up for Sellwolk or Stock-out, the magic word "supermarket" seems to turn all manner of suppliers' muscle to jelly, their self-justifying rhetoric to complaisant silence.

Sainsbury's, the biggest British wine retailer, reports no such financial difficulties with "sourcing" its most popular lines. Its buyers claim their principal problem is in finding a source that can produce wine with character and distinction in up to six-figure numbers of cases for a line such as "Lieb." Yes, that does sound like a tough one. How heartening, though, to see the supermarkets and other multiple

retailers moving away from an obsession with quantity. Sainsbury's and others have been humiliated by the conundrum of trying to move upmarket yet provide the same wines in just about every store.

They now have customers who want to buy the sort of top quality wine produced only in strictly limited quantities.

Now Sainsbury's is openly admitting that it is prepared to place an order as small as 50 cases - still big by the standards of the average independent wine merchant - for a really good wine that may be placed in just two or three particularly appropriate stores.

This means of course that publicity and promotion may be more difficult. Supermarkets' printed wine lists may apply to only a fraction of the outlets and wine writers' recommendations will become an even less reliable guide to what is to be found at your local store.

But the supermarkets will be less fettered by the constraints of quantity, which must be good news for their customers. However, this particularly penny - that too big a quantity inevitably means lower quality - has yet to drop with most airlines, the world's biggest buyers of fine wines. They have certainly latched on to the fact that what comes out of the galleys is one of the most perceptible distinguishing marks of any airline and most make much of what they have to offer the digestive tracts of their passengers. (Indeed one airline had the gall to suggest that they hire me for use in their advertisements as their wine selector, without my actually having anything to do with the wine selection whatsoever!)

The real problems of quantity lie in business, and First Class, where many airlines are anxious to out-Montchretien their rivals, using fancy wine labels to help justify the huge price differentials with economy tickets. If red Bordeaux predominates here, it is simply because Bordeaux properties tend to be big - although the world's enthusiasm for fine wine has depleted stocks of mature wine even in Bordeaux's biggest warehouses.

Supplying burgundy to an airline is a nightmare and yet most airlines, unlike most wine merchants and restaurateurs, continue to act on the unworthy assumption that a well-known name will be more appreciated than real quality.



British Airways, for example, food and drink is considerably better than most of its competitors, although it slipped from second to third position in this year's assessment by the magazine *Business Traveller*. But it will hardly consider taking on a wine for its Club Class unless 6,000 bottles of it can be found. 2,000 cases for First Class and, occasionally, as few as 300 cases for Concorde. Only a handful of large merchants could fulfil such an order for classic burgundy, usually by applying the blending principles on a much larger scale.

As Simon Taylor-Gill of Domaine Direct, the London-based specialist importer of fine burgundy, points out, you can only fill that sort of demand by moving out of the Côte d'Or heartland either south to the Maconnais or north to Chablis.

The average domaine's production of even Merlot is 5,000 cases, and if it's any good, there's a waiting list for it. If a *negociant* (a French merchant who buys and blends different lots of wine) is trying to respond to this sort of demand, he just

can't do it without lowering quality. You then have to ask yourself if the resulting blend is really any better than something being produced in the Barossa Valley (South Australia) of which you could buy, say, 22,000 cases. And this from a burgundy fanatic! Here again it seems that the consumer is getting worse wine simply because the "retailer" in this case the airline, feels the need for standardisation. I suspect.

It is the spectre of the printed menu that haunts the system. The airlines' obsession with parchment and typesetting seems to me to be the very enemy of quality. Have the airlines not heard of laser printing, or even handwriting? Or could they not promise a selection from many specified possible wines, as British Airways sensibly does on Concorde?

These menus, locking them in to predetermined dishes and bottles months in advance, are clearly seen as important status indicators by the airlines. The more curlicues, tassels and gastronomic luxury promised, the better the airlines seem to

think we will be pleased. But how many of us regularly experience incredulity and disappointment when we compare the reality with the carefully pre-printed hype?

As BA itself admits, people are now much more knowledgeable and curious about wine - which is why they and other airlines have responded by giving them so much printed information about each wine in advance. However, this laudable aim to please is questionable if it results in less exciting wine - bland consistency instead of simply promising - and delivering - for example, "a really good Chardonnay and a classed growth claret."

With wine, and indeed food, it is the taste rather than the name that counts.

And finally, I wonder why so many airlines continue to wear red borders over their windows. Reds are usually pretty cool in flight and claret is least flattered by this treatment.

Jancis Robinson

Food for Thought

Why the admiral lowered his flag

DEFY you to be able to tell the difference," said Rear-Admiral John Mackenzie. Faced with a challenge of that sort, I had no choice but to take it up.

We had been talking about the possible taste differences between wild salmon and farmed fish. The last November, the *Financial Times* Peter Knight had said much the same thing, but as the wild salmon season had come to an end, there was no means of proving him wrong.

In June however, with the prices of wild salmon down to a mere 50p a pound more than farmed, it seemed a good idea to try to get an answer to the frequently-posed question.

The first person I asked was Logie Bruce-Lockhart, fishing correspondent of *The Field* magazine.

He reminded me that the biological structure of a wild fish substantially changed once it entered the river from the sea. Filled with life-supporting fats from its diet of krill and plankton, the fish will eat no more. The longer it stays in fresh water, the more it will excrete from its reserves of energy, and, one assumes, taste.

I spoke to the admiral next. John Mackenzie is in charge of the Atlantic Salmon Trust in Pitlochry, Perthshire. Admiral Mackenzie conceded that there were considerable differences in appearance. The farmed fish has used neither fins nor muscles, come quickly, the tail is rounded, the fins are short, and the four lobes of muscle around the backbone are small and undeveloped.

Anatomical differences notwithstanding, he denied me to tell the difference on the palate. I was clearly at a disadvantage, not having the fish in front of me to compare. I rang up that excellent Islington fishmonger Steve Hatt (88 Essex Road, London, N1. Tel: 071-226-3963), and asked him if he would kindly give me a tutorial with the aid of a wild and a farmed salmon.

Hatt stressed the importance of size. Supermarkets obsessed with pricing and packaging considerations only buy small fish. Although the quality of farmed fish is improving all the time, no salmon under three or four kilos has much flavour. Some of the fish which I received from Marks

& Spencer cannot have weighed much more than a kilo.

Hatt extracted two whole fish, the farmed weighing four kilos, the wild five. He gutted them and chopped them before my eyes.

The wild salmon, netted on the north bank of the Tay Estuary in Scotland, had well developed muscles and gills which were lighter in colour. The farmed fish had a more "trouty" less angular head. The easiest way to tell, however, was by colour.

The fine quality, Shetland farmed salmon was dark, interspersed with well-defined white lines of fat. The wild fish was a greyish pink.

Given the choice there was no question what the man in the street would choose: the farm fish was much more attractive.

The final test was gustatory. Four of us assembled at Christian Deltell's acclaimed Battersea restaurant, L'Arlequin (123 Queenstown Road, London, SW8. 071-622-0555).

Christian had invited his own salmon supplier, Lawrence Clow, of St James and Grosvenor Place. Clow, chef-proprietor of one of

Britain's best restaurants, Tante Claire in Chelsea (68-69 Royal Hospital Road, London, SW3. 071-352-6045).

The samples were Steve Hatt's Tay wild and Shetland tame, Waitrose wild (£5.45lb) and Marks & Spencer farmed fish cut from a "joint" (£5.25lb). The Marks & Spencer fish came from Marine Harvest.

No-one had any problem identifying the fish. Only the Waitrose sample looked rather too deep for wild fish at first glance.

Examination of the muscles dispelled their doubts. Christian lightly cooked the fish on a griddle and we tasted.

The Marks & Spencer fish came off worst; everyone agreed that its insipidity resulted from the small size of the fish, although Lawrence thought Marks & Spencer should be credited for having brought so many cheap cuts of salmon onto the market.

In spite of its lack of taste, Pierre Koffmann preferred it to the Shetland farmed which was incredibly oily, "almost sickly," said Christian. Lawrence thought it might be alright barbecued.



The oily, muddy taste of the farmed fish was its chief drawback, making it useless for certain culinary preparations.

The wild salmon was not only identifiable by its flavour, its chewy texture made itself felt in the mouth.

The Tay fish was unanimously declared the best, but the Waitrose salmon also merited high praise.

Certainly, in that morning's august gathering, the admiral had lost his battle.

Giles MacDonogh

Appetiser

DESPITE the downturn in consumer spending, high interest rates and the effects of the poll tax, brave proprietors have seen fit to open three new country house hotels recently.

When Sir Bernard Ashley first saw Llangoed Hall in the Wye Valley, 11 miles from Brecon in Wales, it had been empty for 15 years.

There were 50 bedrooms under the roofs collecting rainwater. Even in that state it obviously had great appeal: parts of the house go back to the 12th Century and much of it was redecorated in 1818 by William Pitt, of Portcullis fame. There are 23 rooms from £105 per night for a double room, tennis, croquet, fishing are available and they have lured down from Scotland a very talented chef, Mark Salter. Tel: 0874-754825, fax 0874-754545.

Scotland can boast two new hotels of interest. Last year John Webber, who had previously cooked at Gidleigh Park and Cliveden, opened a restaurant in the house on the Kinross estate, 19 miles north of Perth, to

great acclaim. This year the hotel opens its eight bedrooms, one suite and 9,000 acre estate which offers salmon fishing, trout fishing, pheasant, grouse and duck shooting and roe stalking. The room rates start at £95 for a double room, although attractive winter packages are offered from October 1 1990 to May 1 1991. Tel: 079682-440, fax 079682-289.

Further north, 12 miles south of Elgin but only an hour's drive from Aberdeen or Inverness airports, the unlikely combination of Stephen Goodchild, an Englishman, and Tomas Gronager, a Dane, have renovated Craigellachie Hotel on Speyside. On the banks of the Fiddich and Spey rivers the hotel has long been home to many keen fly fishermen but now its 30 rooms have been fully renovated (double rooms from £70 per night). The hotel is close to 10 different golf courses, and in the heart of Scotland's whisky distilleries. Tel: 03404-263, fax 03404-263.

Nicholas Lander

Cookery

Not all soufflés are
prima donnas, you know

Rise and shine is Philippa Davenport's motto when it comes to roulades

MANY COOKS will tell you that soufflés are the stuff of drama, the proof that pride comes before a fall. They are magnificently high-rise one minute and ignominiously deflated the next unless carefully cajoled into good behaviour.

In truth soufflés are much better behaved than their reputation suggests. This fact was impressed on me when, together with a gaggle of other British cooks, I attended a cookery demonstration given in France by a chef called Ponjon. He had little command of English but his actions spoke louder than words. He tipped a good deal of butter on to some egg yolks, whisked the whites to a frenzy with wrists of steel, folded the two together gently, turned the mixture into a dish and slipped it into a hot oven with a whirlwind speed. "C'est tout, très simple," he observed and moved on to some other impressive display.

Some time later an onlooker raised the alarm. Watching, through the floodlit oven door, the soufflé mixture levitate in its dish, he had noticed that the flame supposedly fuelling the oven and raising the soufflé to dizzy heights blazed no more.

Panle ran through the audience. Our chef seemed unperturbed. He gave a dismissive Gallic shrug of the shoulders, opened the oven door and tried to rekindle the flame. A fresh gas cylinder was wheeled in to replace the dead one. When the new connection had been made by a nervous acolyte, the maestro struck another match. This time the gas ignited and the flame burned brightly. The thermostat was turned up a little and the half-baked soufflé continued to cook.

"No matter," said Ponjon. "We taste it a little late, that's all," and indeed that was all. When the soufflé finally emerged it was as perfectly

puffed up as any I have eaten, lightly crusted without and deliciously creamy within.

Maybe the whole episode was a piece of theatre laid on for our benefit, but it certainly succeeded in dispelling the myth that soufflés are the culinary equivalent of temperamental prima donnas.

The same chef told me that a soufflé can be completely prepared ahead and "held" in the fridge for a couple of hours until you are ready to cook it - if you have the nerve to do this. Nerve is the word, because in spite of these reassurances many people remain daunted by the idea of soufflé-making.

Roulades, on the other hand, are generally regarded as much easier. I wonder why. It seems illogical as roulades are, of course, siblings of the soufflé. Perhaps we feel safe with roulades because we are not

have such high expectations of them - literally. After all, they are baked on the flat in a very shallow tin - a cake tin, and eat-time baking is the sort of cooking with which British cooks traditionally feel most at home.

Whether you think of it as a flat soufflé, or what Mark Twain might have called a Swiss roll with college education, a roulade is a filling no easier and no more difficult to cook well than a soufflé. It does, however, have one advantage over a soufflé when it comes to entertaining.



allow so much scope for variation.

Spinach makes a popular roulade base, appreciated not only for its taste but for its rich green colour which provides such a dramatic foil for pale fillings. The only trouble is that fresh spinach (which tastes so much better than frozen) has to be washed, cooked and cooled in advance, and this takes as long as it does to make and bake roulades flavoured in other ways.

A cheesy roulade makes a better choice for cooks who are pressed for time, and I believe that no other savoury-based roulade has better texture and

keeping qualities.

Fish mixtures make the most delicious fillings. A combination of flaked smoked haddock with chives, stoned black olives, squares of grilled and skinned red pepper bound with a little fromage blanc or mayonnaise, is both tangy and colourful. Also excellent is fresh salmon, poached and flaked, with tarragon, soured cream, watercress slices of cucumber (salted beforehand to draw out the juices) and maybe a little wild rice.

For sheer luxury smoked salmon with watercress is hard to beat. Close-carpet the cooked roulade with sheets of smoked salmon, scatter with watercress sprigs lightly dressed in vinaigrette, and roll up in the usual way. Or try fresh boiled prawns on a thickly spread bed of guacamole - the pink and avocado green colouring are lovely.

Taramasalata is another favourite. Use Waitrose's premium-priced Taramasalata Supreme, a very acceptable substitute for home-made, when time is of the essence. Simpler still when the garden is lush with herbs is a filling of soft fresh cheese generously flecked with chopped green herbs. However, perhaps the queen of them all for a summer celebration is a filling of steamed asparagus with mayonnaise, as follows.

ASPARAGUS ROULADE
(serves 4 to 8)

1 oz butter; 2 tablespoons flour; 7½ fl oz milk; 1½ oz each freshly grated Parmesan and Gruyere cheeses; 4 large eggs; salt, pepper and cayenne; 1 lb asparagus; mayonnaise made with 1 egg yolk and ¼ pt light olive oil.

Beat the oven to 400°F (200°C) gas mark 6 and line a 9in by 15 in Swiss roll tin with baking parchment. Wash and scrape the asparagus and cut it into short lengths but leave the tips whole.

Mix a thick, smooth sauce with the butter, flour and milk. Away from the heat quickly beat in the Gruyere and all but one tablespoon of the Parmesan.

Season generously and beat in the egg yolks, one at a time. Whisk the egg whites until stiff but not dry and fold them into the cheese sauce.

Turn the mixture into the prepared tin, tapping and spreading it level, and bake for 15 minutes until puffed up and firm to the touch. While it cooks steam the asparagus and blot dry.

Turn the roulade out of the tin on to a sheet of baking parchment sprinkled with the remaining Parmesan and laid on a tea towel. Peel away the paper that lined the tin. Trim the edges of the roulade if ragged and cool for five minutes or so.

Spread the roulade with the mayonnaise. (Good quality shop-bought can be used instead of home-made but you may need to stiffen its sloppier consistency by beating it into a little crumb cheese.) Reserve a few asparagus tips. Scatter the rest evenly over the roulade and press lightly to bed it down in the mayonnaise.

Roll up like a Swiss roll and slide it, seam-side down, on to a serving dish. Arrange the reserved asparagus tips on top or stick them in the Catherine wheel ends of the roulade to advertise the contents. Cover and keep cool until ready to serve.

A cook's helping hands

I HAVE recently joined the ranks of the handicapped.

Until two years ago I could drive a car, do a nifty breaststroke, use Carmen heated rollers, carry shopping to the gym and do a host of other things that people Paper magazine itself felt in the mouth. So for granted. Then I developed what we non-medics refer to as wonky-arm syndrome and what medics refer to as upper limb disorders.

In culinary terms, this creates difficulties. "Simple" dishes such as omelettes become a nightmare when defined in terms of hand use: crack eggs, whisk with milk, tip in omelette pan, swirl to cook evenly, flip over with a spatula. So forgo omelettes. Bangers and mash sounds simple enough, but first you have to peel the potatoes, then lift a heavy pan, then drain and mash them. So forget that too.

At first, I dropped out of cooking altogether. However, man does not live by take-away pizza alone, so there had to be a major rethink.

Rule No 1 for the handicapped cook is to invest in the right equipment. Food processors and blenders take the slog out of chopping, sieving and mincing. The microwave has its uses, particularly for defrosting, and baking potatoes. Boots the chemist does a great line in equipment for people with disabilities, and the inventor of the Stihl knife gets my vote for designer of the century.

Teflon pans are light and easy to clean. I use a chip basket for steaming and boiling vegetables, so the business of lifting pans to drain off water is eliminated. Electric frying pans and slow cookers remove the need to lift things in and out of the oven. Indeed, I use the stove and oven so seldom now that it took me about a week to realise that the gas

had been cut off after forgetting to pay the bill.

Rule No 2 is to abandon any pretence at gracious living. Creative sloppiness is the name of the game. Paper plates and disposable cups decorated with Buxton designs are no substitute for Linoges, but they eliminate the problem of washing and drying dishes. (Why Rupert Bear? The answer is that anything more tasteful is much too expensive when you are disposing of every 10p.)

Culinary need not be a problem if you drink soup from cups and steamed asparagus tastes just as good eaten with the fingers as with cutlery. If

Rule No 4 is to use the shops sensibly. There is not a lot of point in exhausting yourself making stock when most supermarkets these days sell the wonderful Fonda and Cuisine range. The world will come to an end if you buy a fruit flan instead of making it yourself.

Well-chosen salamis, pâtés or cheeses from the deli taste just fine. A loaf of good bread and a salad are a perfectly acceptable accompaniment to most main-course dishes. It is far better to use these shortcuts and concentrate on doing a good job on a casserole, say. Even here good shopping can help. Alert your favourite butcher and fishmonger to your problems. These days my butcher chops and cuts meat exactly the way I want it, provided I give him a bit of notice. My fishmonger has been known to race down the street after me to tell me he has in stock things which are particularly easy to cook. He even went to the trouble of providing me with a recipe for ceviche, a dish in which the fish is "cooked" simply by marinating.

Rule No 5 is: save effort whenever you can. Most men get carried away with the urge to do their Crevanman Escorifier routine at barbecues. Good. Let them get on with it. In turn, Marks and Spencer sandwiches are filling and delicious; the worst that can be said of them is that the packets they come in are almost impossible to open.

Emily Sutherland offers mealtime survival tips for the disabled

you find that too squallid to contemplate then I can recommend the Boots range of cutlery for the handicapped - the fat soft handles make them easier to grip and manoeuvre. Salads can be tossed by putting them in a plastic bag, adding vinaigrette and shaking before tipping into a salad bowl.

Rule No 3 is to think about what is easy in terms of hand use. For me, chopping, peeling, lifting and so on are difficult. There are some easy answers.

A ham bone, a mixture of lentils, chickpeas, barley and dried beans, covered with water and left in the slow cooker for a few hours, provides a perfectly reasonable soup.

If you can get out the food processor to chop up some carrots, onions, leeks and potatoes, so much the better. A bit of chopped parsley or a few chopped runner beans thrown

John, is it?

HOW TO SPEND IT

Old colonials still dream of the East

From Burmese beds to Sri Lankan chairs, Lucia van der Post reports on the nostalgia for all things bright and beautiful

OUR CLIMATE may have little in common with that of our erstwhile colonies, but the long years of those associations seem to have left many of us with a lingering nostalgia for the styles and patterns of colonial life. Certainly the long love affair with the East is being expressed in a spate of small companies which are now bringing us colonial-style beds, cushions, statuary, chairs, mirrors... You name it, somebody will be importing.

Not everything always translates very well. I often think the hot pinks and brilliant yellows of Pakistan and India, which look so wonderful under their strong light, seem a little startling in our greyer climate; while some of the highly decorative pieces of furniture, which are such a feature of some parts of the East, can also look a little out of place with our more subdued and northern temperaments.

However, an Eastern speciality which I think translates beautifully to English life, and which would look entirely at ease in anything from a Cotswold cottage to a London flat, is the antique four-poster bed from Burma. They were specifically made for the British who took one look at traditional Burmese sleeping habits — bed-rolls, charpoys and the like — when they arrived there in 1875 and decided that home comforts could not be abandoned. A small industry grew up to provide the British with the sleeping comforts they were used to. The beds were usually made from honey-gold teak and were four-poster style in order to take the muslin or mosquito nets the climate required.

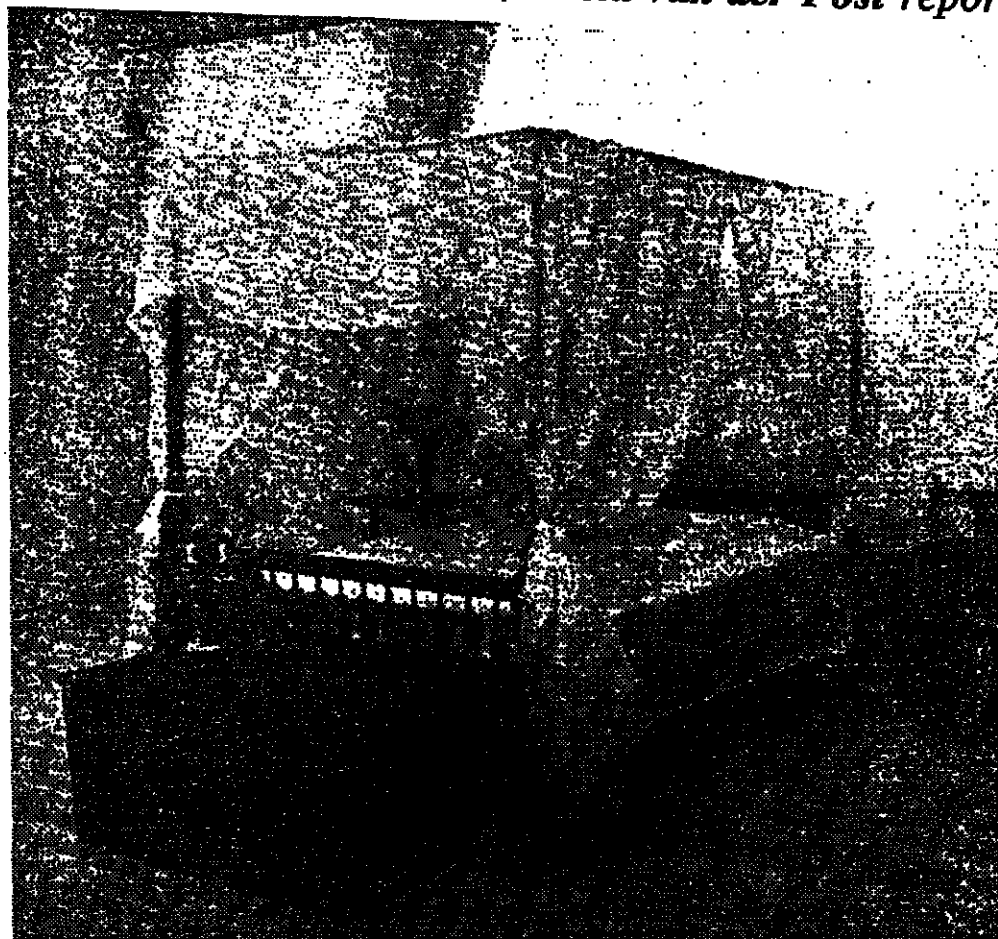
Richard Forwood is an importer who has access to a cache of these antique beds, all made between 1875 and 1910. Each is slightly different from one another. The general style, as you can see from the photograph at top left, is quite light and delicate — they have nothing like the heavy visual punch of the Tudor or Elizabethan versions — and therefore would happily fit into relatively small rooms.

The four-posters come in all standard sizes from single up to king size. Prices for the teak versions start at £1,000 and go on up to £1,800.

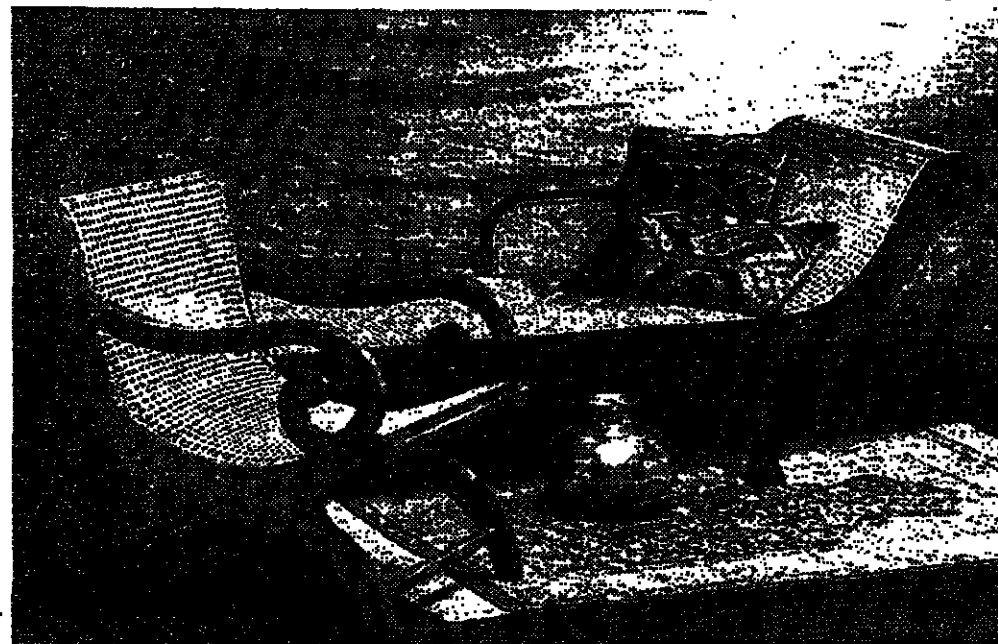
Next week a consignment of wrought iron and brass four-posters from Burma will be arriving and for anybody who fancies a metal version, prices will be a little lower — at about £1,500 for a double. The beds come with muslin curtains, but not mattresses. Anybody interested in buying one could start by looking in at Christopher Arnelin at 535 King's Road, London SW10, which usually has a model on show, or by contacting Richard Forwood at 202 Daves Road, London SW6. 061-381-0243.

For a slightly different provenance but a fairly similar look, Simon Horn is selling modern versions of four-posters that were made in the Dutch colonial style prominent in Ceylon (now Sri Lanka) in around 1830.

Simon Horn, who has made something of a name for his French-style beds, last year imported a whole batch of antique beds in Dutch colonial style from Sri Lanka. They sold so quickly and attracted so much notice that Simon Horn decided to keep one and have it copied. The result is photographed above right, made from rosewood rather than the original jackwood.



Clockwise from top left: antique teak bed from Burma, one of a selection at Richard Forwood; modern four-poster in the Dutch colonial style, from Simon Horn; the Lotus chair, shown in rattan, (from £90 to £150) from Green Island Sales; a chaise longue (£585) and the 'Lavinia' easy chair (£320), both from Market Trading



It is also a little larger, at 6ft wide and 6ft, 6ins long. Priced at £1,750, it is available from Simon Horn, 117-121 Wandsworth Bridge Road, London SW6.

If you are more in need of something to sit on, then you can find a light, airy colonial-style chair which would sit happily in bedroom, drawing room or conservatory. Jane Tennant started her company, Market Trading, after a holiday visit to Sri Lanka, and her first venture was the Planter chair which was featured in these pages at the time. She is now expanding the range due to its success, and these days there is a carved 6ft-long chaise longue (£585), adapted from an antique one spotted in the south of Sri Lanka, and 'Lavinia', photographed bottom left, an easy chair.

In design it is less of a lounge and more of an upright than the Planter, and like all the other pieces it is made from a replenisable hardwood and rattan. Lavinia sells for £320 while the older but still popular Planter sells for £315.

Market Trading is at 44 Ealington Gardens, London W3 8BA. Tel: 061-622-6255.

The Lotus chair at bottom right is perhaps more influenced by Eastern ways than strictly from it, although it is made in the Philippines. William Palmer originally designed it after spending many years in the East. He was impressed by the superior deportment and back strength of Eastern people and designed the chair to give 'posture-perfect' support.

The Lotus chair is designed to be comfortable, relaxing and back-friendly, being based on the Eastern custom of sitting cross-legged and made with the help of medical experts. It is hand-made from rattan or burl, a material made from palm tree leaf, and it can be used with or without cushions. The chair costs £90 and up to £150 with cushions — depending upon how many cushions and how they are covered. The chair is directly available from Green Island Sales, 20 Palewell Park, London SW14 8JG.

Those who fancy a little Eastern promise in their homes should also head for Remote Trading, which has furniture, statuary, ornaments and artefacts from Thailand. The shop's atmosphere is rather heavily ethnic and is an eclectic mixture of things old and new, with carved wooden figures sitting beside ceramic pots and gilded mirrors contrasting with wooden chairs. Remote Trading, Unit 4, Mercury Works, 4 Leysfield Road, London W12.

Both Hughes and Joan Galfar were passionately interested in all aspects of interior decorating and had noticed that toleware was not easy to track down. They were also absorbed by the question of what had happened to the craft which seemed to have all but disappeared.

Since they produced their first designs business has boomed. Their hunch that this was something that interior designers, decorators, stores and the general public would find appealing turned out to be right. They now have 20 craftspeople working for them and they produce a range of standard pieces which can be found in places such as Thomas Goode, 19 South Audley Street, London W1 and von Posch, 38a Jermyn Street, W1 as well as smaller interior decorators and designer shops.

They were an almost instant success. At first the business was entirely mail-order but as it grew the time seemed ripe to open a shop. When a converted chapel in Wales, close to the production unit, came on the market it seemed the ideal

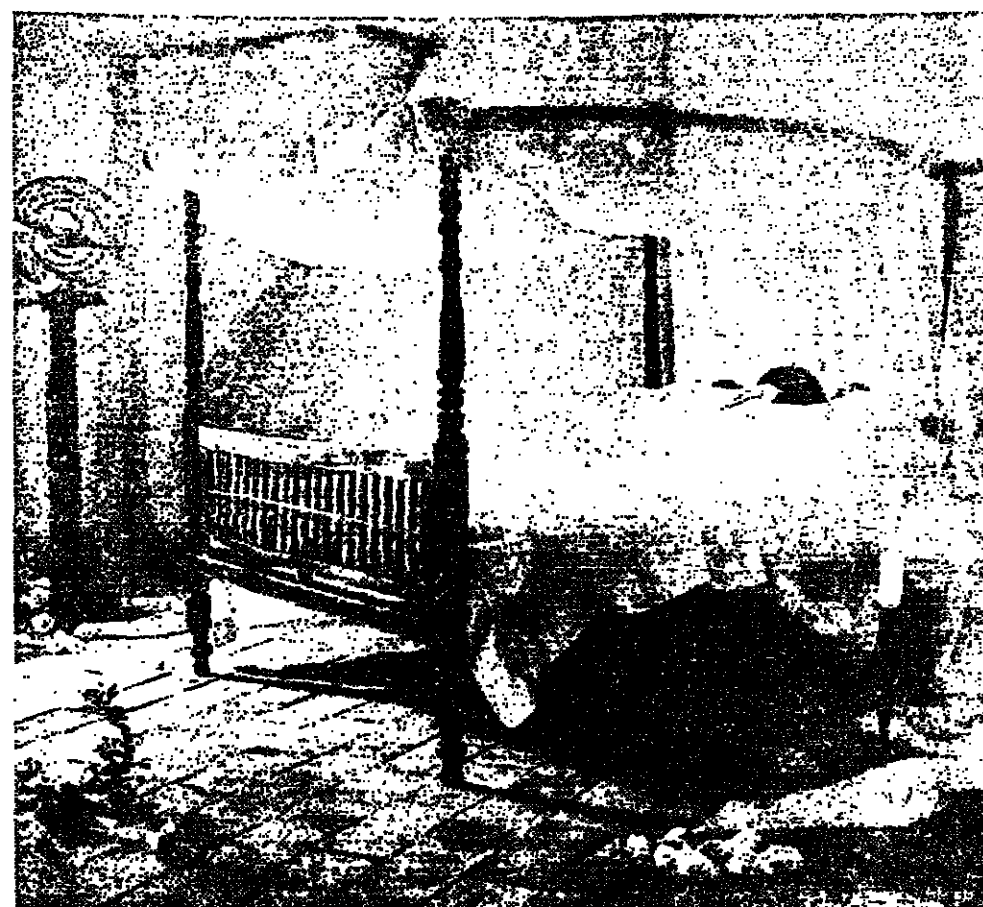
Tôle: an ancient craft revived

JOAN GOLFAR and Caroline Hughes are old friends who got together about three years ago to start a business making hand-painted tile objects.

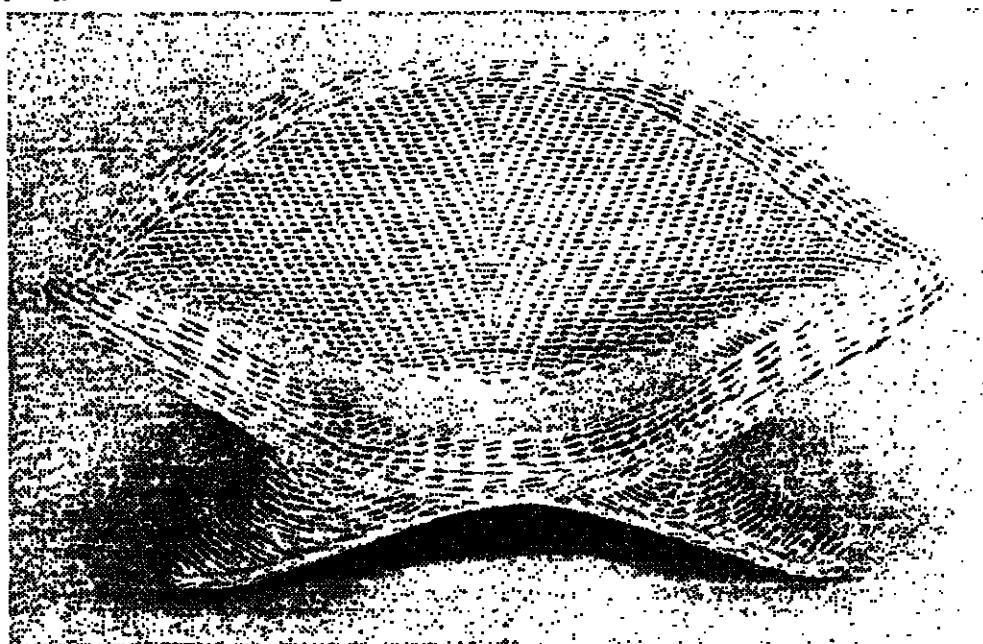
Tôle, for those who have not yet taken an interest in this fascinating craft, is decorative lacquered or enamelled metalware. Antique pieces are often seen in glossy interiors and in upmarket antique shops. They are usually small and highly decorative pieces, most frequently appearing as cache-pots, trays, wastepaper bins, and candelabras. In the 17th century toleware was used for cooking utensils.

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Personally I find the small cache-pots the most charming of the collection but anybody who has any special object in mind can commission a one-off piece. Prices are not cheap as the work requires a great deal of artist skill but they do have immense charm. Sketched right is a small old gold cache-pot with a small flower on one side and a Chinese scene on the other. £127 from Thomas Goode. The larger piece is an oval jardinière in terracotta and gold. £159 from von Posch. For special commissions contact Galfar & Hughes direct at 27a Thames House, 140 Battersea Park Road, London SW11 4 NE.

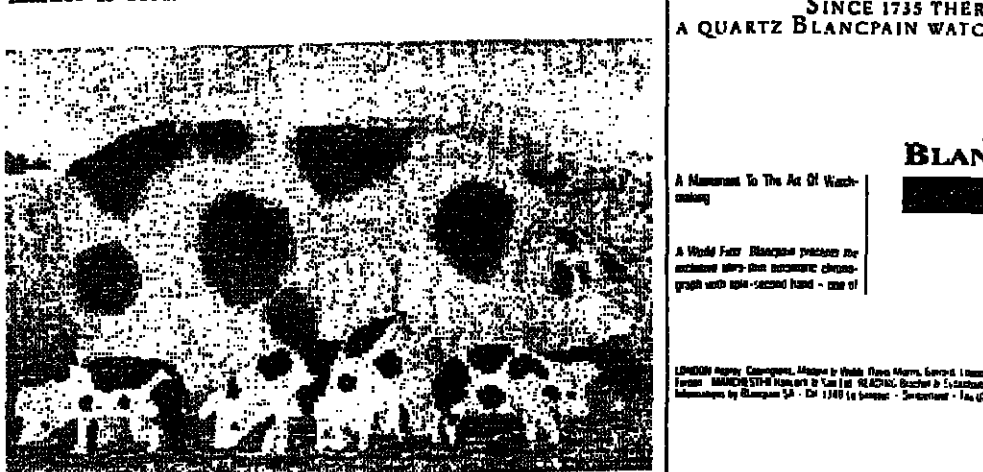


Get the point

ELIZABETH BRADLEY'S needlework kits were an instant hit with readers when she first went into business. Her enthusiasm for needlework, in particular for Berlin wool work, led her to begin as a collector and then to move on to dealing.

It wasn't until she began to realise that many of the finest and most original pieces were being snapped up — and that supplies were drying up — that she began to think about creating her own designs. She started with a set of needlework patterns taken from original Victorian designs — King Charles Spaniels, cats, cockerels — and then produced a richly and ornate collection of floral kits.

They were an almost instant success. At first the business was entirely mail-order but as it grew the time seemed ripe to open a shop. When a converted chapel in Wales, close to the production unit, came on the market it seemed the ideal



A fresh idea in food

THE Food Store at Putney is introducing a new concept in food shopping. It occupies 15,000 sq ft on the ground floor of the Putney Exchange, High Street, Putney, London SW15, directly opposite a Marks & Spencer food store.

However, The Food Store's managing director, Neil Fairley, and five other shareholders, plan to offer a new and different arena for food shopping. For 13 months, Fairley, ex-Next and Tie Rack, travelled the world studying food retailing. Since then, the firm has been putting this knowledge into operation.

The aim is to offer the convenience and prices of the supermarket with the attention to detail of the specialised retailer — butcher, baker and fishmonger — in an open and cleanly-designed environment. All the different sections can easily be seen as you enter: fresh fruit, vegetables and herbs to the right; a butcher's department at the back next to the in-house bakery; a large island of a delicatessen in the centre and, in the left-hand corner, a wet fish counter.

This has been particularly successful: recently 10 cases of Scottish salmon were sold in three days. The fish counter combines a range of more exotic fish, such as red mullet, snapper and parrot fish, with fresh cod, plaice and skate.

At the butcher, you don't have to buy what the supermarket has chosen to pack. There is the old-fashioned pleasure of asking for the cut of your choice, of seeing what looks good today, and of opting for three chops instead of four.

At the delicatessen there is a range of salamis a good as any you'd get in Soho. There are very good cheeses and nice options if you are in the mood for something different. For example, a whole stuffed pike — not cheap on the day priced at about £11.50 a pound.

The fresh fruit and vegetable looked like another good reason for visiting the store. It was reasonably priced and there was a good selection.

Not everything is yet to the same standard: the bread, patisserie and dairy sections are still disappointing. But Fairley is a born optimist; indeed, he has to be. Since the store opened in mid-May, the new pasta machine has not worked, the coffee roaster has not arrived from Germany, the electronic cash registers were delivered with a software fault, and the £45,000 lift often breaks down at 6pm when all the food has to be returned to the cold stores.

Fortunately his staff, who are immaculately dressed, share Fairley's enthusiasm and his desire to help.

Business has been very good so far. An additional check-out has been installed to cope with the volume of Saturday trade.

Another source of pleasure were visits from the manager and staff of the local Sainsbury's, who wanted to check on the new operation.

The Food Store, Putney Exchange, Putney High Street, London SW15.

Opening hours 9am-6pm Monday, Tuesday, Saturday; 9am-5pm, Wednesday, Thursday and Friday. Car parking and a food collection service available on the first floor.

Nicholas Lander

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TRAVEL/YACHTING

Paradise lost — well, for sale anyway

ON THE back streets of Nassau, the crack addicts come out at dusk, their giveway pink eyes concealed by wrap-around shades. I could not understand why the streets, empty during daylight hours, became so busy at nightfall. Colin Mays, the British High Commissioner — an unlikely mine of anecdotal evidence about the cocaine culture of Nassau — explained that crack users' eyes become sensitive and itchy, so they emerge to do business, as the light fades. And the business is dirty.

It was impossible to tell from their eyes whether the two men were addicts or not as they leapt out from behind a bush on a quiet lane behind the hotel. We were transfixed by the gun, its long muzzle wearing a silencer. The eyes of the gunman were anyway difficult to glimpse between the woolly folds of his balacava.

But the signs were there: the men were jerking their arms around as they repeated their commands to "give everything" and when they came to take our watches off, their hands were shaking so badly that we had to do it for them. Only the unlucky tourist, who avoids the main drag and beach, bar and casino, has an odds-on chance of being the victim of the seamy side of Nassau. But even the glitzy side — where the chances of being held up at gunpoint recede — is blatantly tacky. It encompasses Merv Griffin's Paradise Island resort and casino; candy-striped, plasticized, spanning new Crystal Palace hotel on Cable Beach; 10,000 cruise-shippers, pink-

legged and pastel-shirted, daily thronging the streets in search of shopping bargains; pubs serving Cornish pasties and Courage draught beer; pirate galleons moored to the dock selling Coke for \$2.50 a plastic glass.

Nassau has all but sold out to the mass market, and is in the grip of mass crack addiction. Twenty years ago, the longest-serving leader in the Western hemisphere, Sir Lynden Pindling, decided that

tourism was going to drive the Bahamian economy at full throttle, and never mind the exhaust fumes. And what a success he made of it. Two dozen cruise ships dock a week, disgorging their sun-burnt cargoes on to congested streets where the proud drivers of Transams and sporty Mazdas bomb the bass on their car stereos. Now there is little to distinguish back-home poolside from Nassau dockside.

Aggressive marketing, improvements to runways, air connections, high-rise hotel developments — the most stunningly vulgar of which has got to be the rainbow-hued Crystal Palace — have all contributed to the fulfilment of Pindling's dream: tourist traffic to the Bahamas has grown from 800,000 arrivals 20 years ago to 3.4m last year.

Just try Paradise Island for

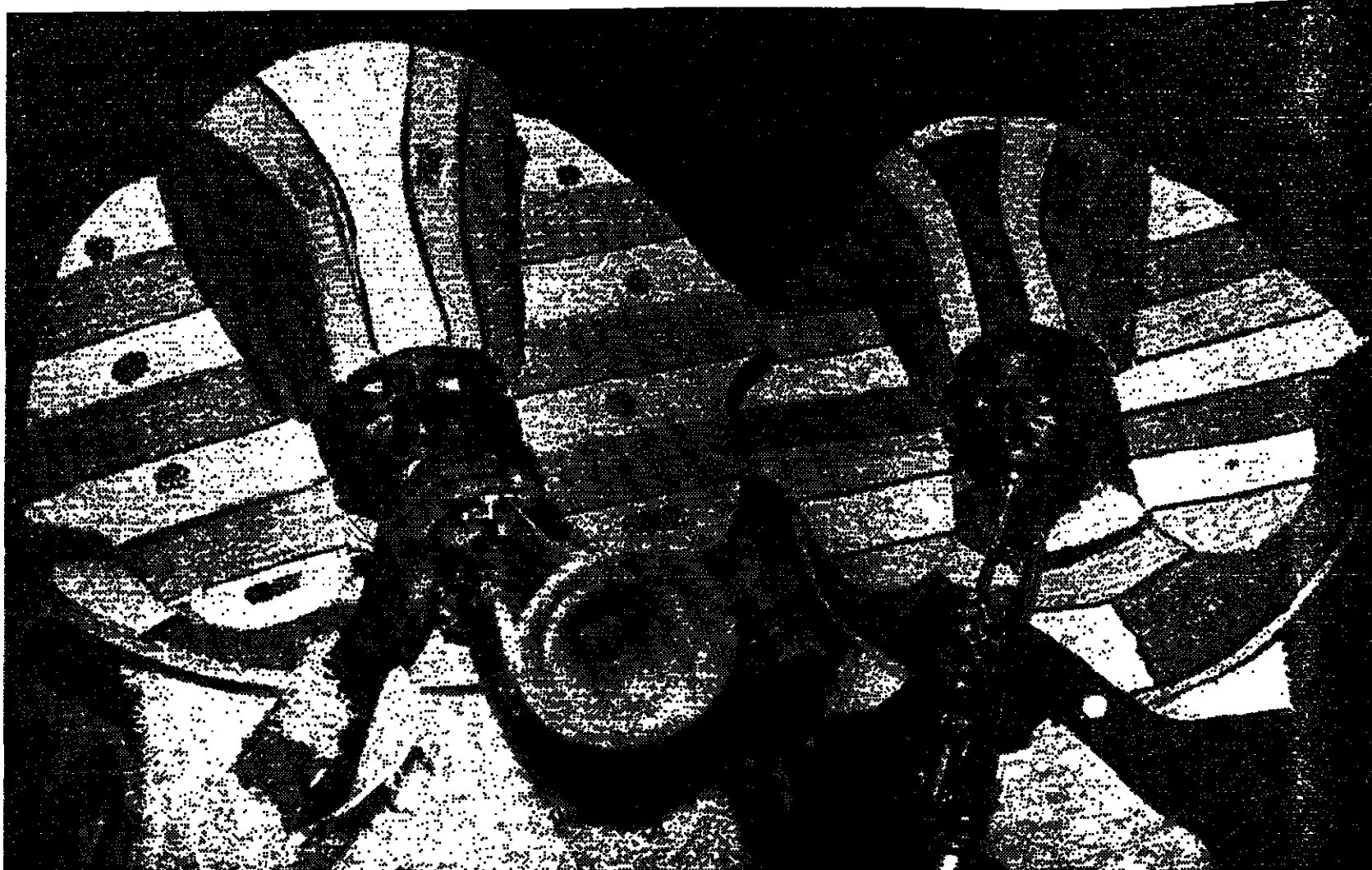
size. This tiny island, connected to Nassau's New Providence by a bridge, appears to have been constructed along the lines of a US air force base, featuring a bewildering number of man-made roundabouts. Meaty US marines stroll up and down Cabbage and Cable beaches in threes.

After a few days of \$30 breakfasts, velvet lounge, piped music and outside chandeliers, guests may also find that losing money in the casinos can also begin to pall. But the casinos — where Bahamians are forbidden to enter — are at least safe.

With its image of drug-related crime, roomfuls of one-armed bandits and all the vices of Miami, very few people come to the Bahamas for the exclusiveness it once offered. It has embraced vulgarity, and only a few cases of elegance can be found amid the mass-market tat.

Out of Nassau, paradise is easier to find, with many of the Bahamian islands still offering empty beaches and seclusion. But if the traveller is stuck in Nassau with money to burn, he could do no better than Graycliff. This 240-year-old hotel and restaurant is discreetly positioned on a hill by the Governor's colonnaded residence, out of earshot of the honking heli of Bay Street.

Emilio Garzaroli — whose pleasures in life are wine (he has a collection of 175,000 bottles in the cellar), women (he deploys a boisterous charm, and cars, too many to count), is the owner and proprietor of "the only five-star restaurant in the Caribbean, and the oldest inn



Blow that horn: musicians in costume for a parade in the Bahamas capital, Nassau

in the Bahamas."

He bought the house, with its huge swimming pool enclosed by tropical vegetation and pink stone walls, for \$1m in 1974. The Bahamian and French food is exquisite, expensive — and pretentious. The despoiling of Nassau, and its location as a drug transit point between South and

North America, has all but driven away the celebrities. Sean Connery has put his bungalow, adjoining one of the golf courses in the exclusive Lyford Cay development, up for sale for \$2m. Even Merv Griffin's Paradise Island is for sale.

Emilio Garzaroli says he will never forgive the Ministry of Tourism for what has hap-

pened to Nassau. Past pages of his visitors' book reveal that Ringo Starr was staying the day John Lennon was shot in 1981; that Prince Andrew held a birthday party in the hotel while a schoolboy at Gordonstoun; that Princess Anne liked the cherry cake so much that Garzaroli had one baked specially for her and posted it to

England after she left. Brooke Shields stayed there for the filming of *Blue Lagoon*. The visitors' book is still full — but the names of guests are now likely to be a trade delegation from the Taiwanese embassy, or Citroen dealers off Concorde from Paris.

In retrospect, a week in Nassau would have felt incomplete

without a brush with death and celebrity. The latter was supplied by British Airways, whose direct eight-hour flight from Gatwick was thrillingly enhanced by the presence of Bob Geldof, who — although disarmingly talkative — was as pallid, impassioned and dishevelled as ever. He didn't like Nassau either.

A LARGE proportion of journeys from Britain to the Continent still involve ferries and heaving seas. Small wonder, then, that the British harbour lingering antipathy towards France when the notion of travelling to that country can be associated with the sick bag.

Come 1993, the Channel Tunnel could change all that. More immediately, another phenomenon may cause something of a sea-change in terms of cross-Channel transport: the wave-piercing catamaran.

Last Saturday, the world's largest wave-piercer — the *Hoverspeed Great Britain* — completed its delivery run from Tasmania to Portsmouth, along the way breaking the record set in 1952 by the liner *United States* for the fastest Atlantic crossing by a passenger ship.

The significance of the vessel's arrival in the UK, however, lies less in the minor hullabaloo over the publicity stunt than in the vessel's possible effect on Britain's ferry

A sea-change in cross-Channel transport

Richard Tompkins rules the waves in a catamaran that carries vehicles as well as people

industry when Hoverspeed puts it into service on the Portsmouth-Cherbourg route next month.

Wave-piercing catamarans are not particularly new: there are hundreds in the world already. But what is different about the SeaCat class, of which *Hoverspeed Great Britain* is the first, is that its unprecedented size enables it to carry vehicles as well as people, so putting it into direct competition with the car ferries.

The SeaCat and its ilk are the product of ship designers' efforts over many generations to discover a way of making ships go faster without sacrificing comfort or economy.

Early attempts tended to focus on

the use of long, narrow hulls of the sort that enabled the *United States* to set its transatlantic record, but the limitation of that form was its tendency to cause vast amounts of seawater to wash over the deck.

More recently, hovercraft have achieved high speeds by planing over the water rather than through it. Passengers, however, have too often paid the price in rough seas when journeys have become a comparison with white-knuckle rides, and the fuel consumption of the vessels tends to be formidable.

Wave-piercers hark back to earlier technology by comprising two long, thin hulls designed to cut through waves rather than riding them.

The problem of wash is overcome

by joining the hulls with an arched, bridging structure which supports the passenger and car accommodation on a third hull well clear of the sea.

The vessel's sailing points are speed and comfort. Its cruising speed of 35 knots is well below the 60 knots achieved by Hoverspeed's own hovercraft on the short sea crossings, but the combination of the wave-piercing effect and the vessel's broad beam make for an immensely more stable ride.

Meanwhile, the vessel will easily outpace conventional ferries cruising at 18-22 knots. On the Portsmouth-Cherbourg route, the SeaCat will cut the 4 hrs 45 mins ferry crossing time to 2 hrs 40 mins and low crewing costs combined

with the vessel's relatively high capacity of 450 passengers and 80 cars mean it can achieve this with fares only about 10 per cent above typical ferry levels.

A second SeaCat is already being built for the Portsmouth-Cherbourg route, and Hoverspeed has three more on order to replace its Dover hovercraft. Other ferry operators are watching closely to see whether the *Hoverspeed Great Britain* lives up to its promise. In Britain's inhospitable waters.

At the time of writing, Hoverspeed was still waiting for Department of Transport approval before launching its thrice-daily return service to Cherbourg on July 12, so the vessel is still largely untried. But a preview at

Portsmouth this week gave the UK press and travel trade their first peek aboard.

Inside, the *Hoverspeed Great Britain* is more like a wide-bodied aircraft than a ship. Large windows and wide gangways give it a spacious, airy atmosphere, but essentially it consists of a single, large passenger cabin lined with rows of airline-style seats in three and four.

Every passenger will be given a numbered seat on boarding, and there will be little encouragement to leave it. The only places to visit are a small lounge bar, a small deck area aft, an observation deck behind the bridge, and the lavatories. Duty-free goods and airline-style meals will be dispensed

by cabin crew from trolleys. Sadly, a short trip up the Solent left the vessel's wave-piercing capabilities untested, so the quality of the ride remains to be seen. It was disconcerting to note that the light sea-swell was easily detectable, but on this brief experience, the all-pervasive Muzak threatened worse consequences for the stomach than the vilest tempest imaginable.

At a guess, there will be room for both conventional ferries and the wave-piercers on the Channel. Why, some will ask, would anyone want to sit motionless in an airline seat when the ferries offer so much more space and entertainment for a lower fare?

For many, the answer is speed, "provided the level of comfort is acceptable. Hoverspeed is convinced it has the formula right with the SeaCat. Even in the roughest sea, one crew member remarked, the SeaCat would get you through in a reasonable state of health. "By the time you got sick, you'd be there."

Roy Hodson and Ian Holt on the ups and downs of the wingsail concept. And a direct telephone system for those who are all at sea

It should be Planesailing

AIRCRAFT ENGINEER John Walker attempted to break the mould of traditional sailing methods some 30 years ago. His intention was to replace rope and canvas, and a heavy crew pulling at sheets and halyards, with aircraft construction methods.

His trimaran with an aircraft-like cockpit pushed the control lever forward. The flap and tail surfaces are angled, and the vessel moves ahead. Pull the lever back. Reverse thrust is generated. The yacht stops in her tracks. You can reverse and do three-point turns.

There are three components to the wingsail. The thrust primarily comes from the wing, with a flap immediately behind it. The system can be adjusted to control the amount of thrust generated. The angle of the wing to the wind is controlled by a tail which is located behind the wing.

The usual manoeuvres of a yacht — tacking, gybing, running, reaching and beating — are done to the Micromariner, a control computer developed by Walker.

Computers at sea can be unreliable because of inadequate power supplies. But this one is part of the integral design of the boat. A double power supply of aero-generators and solar panels is sufficient to charge the batteries while sailing even on dull days. It can produce 8 amps at 24 volts.

The computer is designed constantly monitor the conditions, and control the settings for the wingsail. It is claimed that the risk of overpowering and capsizing, which can particularly afflict multi-hull designs, are dangers of the past with this sort of computer control.

dayboat. But an old salt would be puzzled that both have pale blue wings instead of sails.

Walker's "wingsails" are vertical, folding under computer control. They stay aloft the whole time and when no thrust is needed, they simply weather-cock.

To move ahead the skipper pushes the control lever forward. The flap and tail surfaces are angled, and the vessel moves ahead. Pull the lever back. Reverse thrust is generated. The yacht stops in her tracks. You can reverse and do three-point turns.

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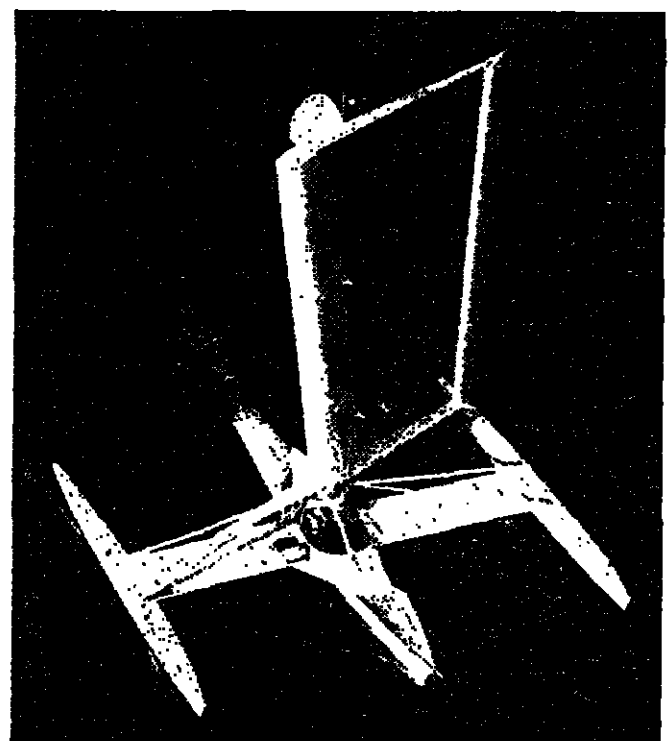
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An aerial view of Zefyr on trial in Plymouth Sound

If the computer fails there is manual switch operation. If there is complete power failure the actuators can be worked by hand.

Planesail has comfortable accommodation for up to six people, although four is ideal as there are two separate double cabins, each with its own heads and shower. Jean Walker, the commercial director, has put much thought into the interior.

The inside control position has a driver's seat like a sports car and a full range of instruments, with the computer set in pride of place. The driver/helmsman/pilot guides the ship with a small control lever.

Zefyr is expected to sell for about \$25,000 plus VAT. Planesail will cost about \$250,000. Walker's company, Walker Wingsail Systems, which raised \$4m from 5,500 shareholders under the Business Expansion Scheme, now employs 45 people at premises in Devonport Dockyard.

Walker is still keeping a close eye on the big ship market with the hope of arousing interest in his system among ship-owners for the second

time. He made a resolute effort in the mid-1980s by designing and building a wingsail unit to save fuel on a cargo ship of 6,000 tonnes. The system worked, particularly in terms of its capacity to stand up to bad weather. But when the price of oil fell to \$7.50 a barrel in 1986, shipowners lost interest in the fuel savings offered by wingsails.

Walker says he is confident that the system still has a good commercial future for merchant vessels if fuel oil prices rise sharply in the future. He stands ready, he says, with even better aerofoil sections and much more sophisticated computers.

Watch out, then, for those tall, pale blue wingsails which combine the precision of aircraft design and the pleasures of sailing. The concept may inspire a market among people who would like to sail without the undoubted discomfort and hard work associated with the yachts we know and love.

Walker Wingsail Systems, Devonport Royal Dockyard, Plymouth, Devon, PL1 4SG. Tel: 0752 605426

Is the party (line) over?

A DIRECT dial telephone system will be available whenever and wherever you are sailing. Inmarsat is to use its second and third generations of communications satellites to provide the equivalent of a cellular radio of the high seas.

VHF radio is now carried by most sea-going yachts as standard, but it is far from being a perfect communications system. Its working range is 80 miles at best, and it often falls far short of that.

Another defect, and one which people new to yachting soon learn about to their embarrassment, is that VHF is a giant party line. Everyone listening in on a channel can hear the conversations of other users within range. It is illegal to make use of anything overheard, but it does make interesting listening.

Channel 16 is used for making ship-to-ship or ship-to-shore contact. But its priority role is as the Mayday (distress) frequency or for Pan (emergency) calls. "Madam", said a Solent coastguard in solemn tones recently as he interrupted two skippers' wives talking on the VHF. "Your social experiences are fascinating... But get off 16!"

VHF will continue to be a useful tool for in-shore sailors for many years to come, but worldwide instant telephone communication, ship-to-ship and ship-to-shore, is already on us based upon dedicated satellites in orbit over each ocean.

At its headquarters in Euston Road, London, Inmarsat has prototype miniature direct-dialling telephone sets with aerials less than 12in long, which could easily be accommodated on a yacht as small as 20ft. Inmarsat's third generation of satellites go into orbit from 1995 onwards. With the extra channels available, Inmarsat will be able to handle direct dial telephone traffic from the new sets at any point on the globe.

Keith Thacker, Inmarsat's general manager of maritime services, expects to open up a huge new market among the international yachting fleet. Inmarsat has been providing maritime satellite telephone facilities since 1982 but the

equipment has, until quite recently, been so bulky that it has not been available to merchant ships. More than 11,000 vessels now use the Inmarsat network, but only 800 of these are smaller vessels.

The first generation system, Inmarsat A, is an instant direct-dialling telephone link but it costs up to £17,000 and requires a bulky radome mounted high on the vessel. This contains a dish which finds and locks on to the nearest satellite. The size and weight of the radome makes it difficult, often impossible, to fit units to small boats. Telephone calls on that system cost £5 a minute.

If you are content to send and receive written messages rather than have a direct two-way conversation, Inmarsat is now offering a service called Inmarsat C. It can be installed in a yacht for about £5,000 and is usually connected to a personal computer.

It can be used for long messages or brief bursts of data. Soon this equipment will be selling for as little as £2,500. The charges work out at about £1 for every 20 words transmitted. Unlike the radomes and dishes of system A, the aerial for system C does not search the skies. It is a simple fixed rod or cone about 12in high which can be mounted on the boat's superstructure.

Like cellular radio, it offers direct dialling and high quality voice transmission and is expected to cost about £5,000 per installation. If it becomes popular, high-volume production could bring the price down to a fraction of that figure.

The aerials will be only one-third the price of theradomes used for Inmarsat A. They will be compact — about the size of a yacht's radar scanner. Some manufacturers are expected to offer electronic aerials which do not need to move at all when tracking the satellites.

Inmarsat M will be brought into service on the present satellites by 1995 to be followed by a family of third generation



The Inmarsat system

satellites placed in orbits over the equator. Then the true potential of Inmarsat M system will begin to be realised. The new satellites will be able to focus electronic beams on to selected sea areas where radio traffic is heaviest, without neglecting the most remote corners of the oceans.

As a bonus, all three Inmarsat systems have red distress buttons which warn land rescue communication systems if the vessel is in trouble.

A scheme for a world-wide pocket telephone service is to be evaluated by Inmarsat and the American communications company Motorola over the coming year. It would be based on a new network of 77 low-orbit satellites.

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Economy? Fuel injected engines and the wind-cheating Audi-beating Cd factor of 0.29 contribute to exceptional fuel consumption on unleaded petrol.

1.6 ie Specification? Even the start of the range model, the 1.6ie, has more superior features

than other people's top of the range cars. Such as polished rosewood dashboard. Power assisted steering. Light alloy sports wheels and low profile tyres. Central locking. Electric front windows with 'one touch' facility.

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The 120 BHP 2.0 litre has a top speed of 124 mph.

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For further details dial 100 and ask for Freephone Lancia or return this coupon to Lancia Freepost, Basildon, Essex SS15 5BR. Prices (correct at time of going to press) include car tax and VAT, but exclude road fund licence, number plates and delivery. 1.6 ie £11,450. 1.8 ie £11,895. 1.8 SE £12,975. 2.0 ie £13,650. 2.0 SE £15,600.

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DEDRA. THE NEW LANCIA

John, in 1985

SPORT

World Cup Soccer

Schillaci ready to burst the Irish bubble

Is a West Germany v Italy final on the cards? Peter Berlin reports from Rome

ALREADY, SOME Italian soccer fans have risked their lives for their new hero. On a wall by the track on the main line approaching Rome's Termini station is a fresh graffiti. "TOTO GOAL!" it reads, in big yellow letters.

Toto is the nickname of Salvatore Schillaci. A year ago most fans in Italy had not heard of him but with three goals in the World Cup he has made himself a national hero - at least for now. Tonight, before a crowd of 70,000 in Rome's Olympic Stadium and with a further 25m Italians watching on TV, Toto will be under immense pressure to continue his scoring feats against the Republic of Ireland in the World Cup quarter-finals.

Schillaci made his debut in the Italian First Division this season. He had appeared in only one international before the World Cup as manager Arrigo Sacchi sought desperately to solve Italy's goalscoring problem. Schillaci provided an instant solution, heading the winning goal minutes after coming on as substitute against Austria. He added a second headed goal against Czechoslovakia and a third, a ferocious dipping shot, against Uruguay. Better he has struck up an understanding with the erratic genius Roberto Baggio.

The Irish defence, powerful in the air, is unlikely to allow Schillaci to add to his two headed goals. On the face of it, his pace should be too much for Kevin Moran and Mick McCarthy, the two Irish central defenders. But against Romania in Genoa the Irish avoided being caught flat-footed by rapid counter-attacks by playing three men back at all times.

After the Irish won on penalty kicks, Jack Charlton, their coach, joked that his team, which drew its three group matches, might win the World Cup without winning a game. Well might Charlton smile, because so far he has pulled off an impressive confidence trick. The Irish are a lot better than he would have us believe. Charlton likes to foster the myth that his team's only attacking strategy is to hit speculative long balls into the enemy goalmouth for their big strikers to bundle in.

In truth, Charlton has a skilful mid-field which is quite capable of playing neat passing football. Against Romania the chances they created went to waste.

Ireland's problem is that their strikers are not quite good enough. Now the best of them, John Aldridge, is hurt. Charlton may stick with the two lamp-posts who finished the game against Romania, Niall Quinn and Tony Cascarino, rather than bring in some of the nipper reserves, on the grounds that a mediocre big 'un is better than a mediocre little 'un. On the other hand, the thought of the gangling Quinn up against Franco Baresi, the Italian sweeper, may be too absurd even for Jack.

The Irish have cast themselves in the role of underdogs. They have been guided by a bloody-minded determination not to concede a goal and the strength, pace and stamina of the Irish midfield have been focussed on preventing rather than creating goals. Italy's best hope tonight lies in a flash of inspiration from Baggio and Schillaci.

The winner will travel to Naples for a semi-final on Tuesday against Yugoslavia or Argentina. Both were lifted to victory by a long-awaited burst of brilliance from their previously anonymous penitents. Dragan Stokjovic struck both Yugoslav goals against Spain, and Diego Maradona rediscovered his mesmerising dribbling ability just long enough to carry the ball to the edge of the Brazilian penalty area, draw the defence and slip a pass from which Claudio Caniggia scored comfortably. Since that match, Maradona's left ankle has been such a pain that he collapsed on the training ground. However, he will play this afternoon.

Like Argentina and Yugoslavia, England heard the rattle of the ball against the woodwork of their goal long before they scored their victory. The again demonstrated the truth of the adage: better a lucky team than a good one. To find themselves up against Cameroon in the quarter-finals is lucky indeed.

Cameroon are the second great confidence trick of this World Cup. They have one player of undoubted world class in Roger Milla, a 38-year-old of pace, skill and intelligence. He has been on the field, in total, for less than a whole match, yet has scored four of his team's five goals. The rest of the side is made up of players who are not the best, but they have advanced this far on good organization, rugged readiness to do whatever it takes to stop opponents scoring - and Milla's goals.

Both sides might have a problem finding a team of 11 plus five substitutes. Four of the Cameroon players will be suspended and thus playing their continued readiness to foul opponents. England were already down to 11 players following the departure of captain Bryan Robson, who watched glumly from an English TV studio as his hair-designer, Dave Platt, plucked beautifully before volleying England's only goal against Belgium with 30 seconds left. England have no suspended players, but all three central defenders are hurt, as are John Barnes and Gary Lineker. Barnes and Des Walker will probably not play. With the chance to beat Cameroon against a desire to have his full team fit for



Salvatore Schillaci: the boy from the back streets

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what would be a far more demanding match in Turin just three days later.

England often looked quiet in attack against Belgium, as they did when playing five defenders against the Netherlands, but Robson will be haunted by the problems his team had breaking down the Egyptian defence. The USSR, who beat Cameroon 4-0, showed that the Africans can be undone when attacked at speed.

For their part, the Italians are largely discounting tomorrow's England-Cameroon match in Naples, regarding its function as providing fodder for West Germany to beat in the semi-finals after they over-run Czechoslovakia in Milan. Germany again looked impressive in the thriller against the Netherlands, but Holland had several good heading chances. If the Germans have a weakness in the air, Tomas Skuhravy will exploit it.

Peter Berlin

Wimbledon

The seeds are falling early this year

John Barrett on why the atmosphere is subdued

THERE HAS been an air of unreality at Wimbledon this week, and not simply because, after four days, seven of the men's seeds and four of the seeded women had been eliminated. The biggest difference from previous years is the subdued atmosphere, due entirely to the restrictions imposed on the club as a result of recent safety legislation.

This year the maximum number of spectators allowed inside the grounds at any time is 28,000. As a result, the early evening fans queuing outside cannot be admitted until people leaving the club surrender their tickets. This has hit the genuine tennis lover with limited leisure cash very hard.

But there are other, equally serious effects. The replacement of the standing room on Centre Court with 608 new seats has reduced the overall numbers by some 1,400, so that the total is now 13,110, all seated. This regrettable step has also meant that the cheerful and demonstrative teenagers whose very presence always created excitement; it has also ended a cherished tradition. No longer can the young fans queue all night to be at the head of the queue that used to charge headlong to secure the coveted places along the front wall of the standing enclosures.

As a 16-year-old schoolboy, I well remember the thrill of crowding into that area and watching the great Argentine player, Enrique Morea, pounding his serves down with a ferocity that was breathtaking. You were so close to the action that you could see every expression on the players' faces and hear every word they uttered - even the swear words. It was an unforgettable experience.

Atmosphere is also lacking on the outside show courts where the stands have been built up to the roof level because only ticket holders may occupy a seat. In past years these seats have been free and non-reserved. Members of the public used to queue to fill the places vacated by fans who wanted to move to other locations or visit the tea lawn for refreshments, so the stands were always full.

At a club where there has never been any serious incident involving crowd safety it seems ridiculous to impose such stringent regulations, the result of the tragic soccer deaths at Hillsborough. Tennis crowds do not behave like soccer crowds. However the authorities do not recognise that fact. Inevitably, attendance has been down after four days there had been some 13,500 fewer spectators than last year, and it is expected that by the end of the fortnight the total will be approximately



Germany's Boris Becker



Yugoslavia's Monica Seles



Australia's Pat Cash

30,000 lower.

Certainly it has been much easier to circulate among the outside courts, but I miss the friendly jostle and the sense of anticipation among the queueing fans who wanted to move to other locations or visit the tea lawn for refreshments, so the stands were always full.

There have been many exciting moments on the courts this week, and none more meaningful than the dismissal of the No. 4 seed, John McEnroe, by fellow American Derrick Rignato. Here was proof that talent alone is not enough. McEnroe, now 31, is still a gifted shot-maker, but a yard slower

than the man who won three titles here in the early 1980s - the result of no match play between mid-February and the Queen's Club tournament two weeks ago because of injury.

It was Rignato, 24, a free-spirited Californian with a beautiful serve-and-volley game, who also ended the hopes of Jeremy Bates, the British No. 1 losing disappointingly on Court No. 1, unable to rekindle the fire that had brought him back from the loss of the first two sets to beat Peter Lundgren of Sweden.

Only Bates, among the seven British men in the draw, had survived to the second round, equalling the dismal record of 1985, which had been the worst British performance since the Second World War. Britain's women fared little better. Sarah Gomer's return to competition began encouragingly with her dismissal of the No. 8 seed, Manuela Maleeva, the eldest of the three Bulgarian sisters whose very presence has been a major factor in another Wimbledon record. But the big left-hander from Torquay squandered chances against the diminutive 16-year-old Californian Angelika Gavaldon, and lost a 12-game final which should have won her Sarah Loosmore losing to Kina Reinach in straight sets the British challenge was snuffed out almost before it had started. As a result, for the first time since these championships began in 1877, no British man or woman survived to the third round.

Although the top seed, Ivan Lendl, and the defending champion, Boris Becker, started shakily on courts that were too lush and bumpy for comfort, by the middle of the week they were beginning to look authoritative. Lendl brushed aside the tall Swiss No. 1 Jakob Hlasek as if he were a qualifier and Becker accelerated impressively to victory against Australia's Wally Masur.

On Thursday, Stefan Edberg looked fast and sharp against a slightly injured Miroslav Meck, who never threatened to take the first two sets as he had done in their 1989 semi-final. It will be a major surprise if one of this trio does not take the title.

Similarly, I cannot look beyond defending champion Steffi Graf, the new French champion Monica Seles (whom she defeated in their 1989 semi-final), or Martina Navratilova, keen and eager in quest of a record ninth singles title, as the ultimate winner.

Like well-trained racehorses, all three are in peak condition. Graf, Seles and Navratilova, the 14-year-old US prodigy, Jennifer Capriati, is quite ready to topple these three - as she must if she is to become Wimbledon's youngest winner.

Life in the meat market

IN THE most expensive meat market in the world, the talk this week has been of pork belly futures. Following England's 1-0 win over Belgium on Thursday, one Italian newspaper estimated that Paul Gascoigne, England's stocky midfield player, could now command a price of more than £3m in Italy, which values the "Fat Boy" at more than £1,000 per lb.

One of the benefits of bringing the World Cup to Italy is that it greatly simplifies life in the soccer supermarket. The best players are gathered together to show their wares to

the biggest payers. Since the Italian League increased the number of clubs from two to three, it has eclipsed Spain as the most attractive arena for international stars.

A few non-Italian clubs can also pay Real Madrid and Barcelona of Spain. Marcelino in France - but none can offer the prospect of competing against the rest of the top players in the world before huge crowds every week.

The foreign imports do not always pay off. Juventus of Turin, which is tied to Fiat, used political as well as economic muscle to land two Russians, Alexander Zavarov and Sergei Alekzov. This summer they are being shipped out along with Ruben Barrero of Portugal. Their high-price replacements are Thomas Häßler, of West Germany, Julio Cesar, a Brazilian who played for Montpellier in France last season, and, perhaps, Stefan

Reuter, another German. Juventus have also bought six Italians so far this summer, most notably Roberto Baggio, whose £7.6m transfer from Fiorentina broke the 1984 record of around £7m which Napoli paid for Diego Maradona. The clubs are interested in any players of top calibre but what they covet most is a combination of two rare qualities: the ability to turn a game in a flash of genius and the ability

to finish a game on the winning side.

Players such as Gascoigne have seen huge price tags by their names in the Italian papers. He will take the field for Juventus this summer, knowing that a good game might bring him not just a place in the semis but also a glittering financial future. Tomas Skuhravy of Czechoslovakia has used his five goals so far in the World Cup to land a contract with Genoa. Barely can the pigs have gone so happily to market.

Peter Berlin

TELEVISION & RADIO

SATURDAY

Indicates programme in black and white

BBC1
7.30 am Planet 5. 7.50 Muppet Babies. 8.15 The 15 from Manchester. 10.50 The Day of the Lizard. 11.10 The Day of the Lizard. 11.30 The Day of the Lizard. 11.50 The Day of the Lizard. 12.10 The Day of the Lizard. 12.30 The Day of the Lizard. 12.50 The Day of the Lizard. 1.10 The Day of the Lizard. 1.30 The Day of the Lizard. 1.50 The Day of the Lizard. 2.10 The Day of the Lizard. 2.30 The Day of the Lizard. 2.50 The Day of the Lizard. 3.10 The Day of the Lizard. 3.30 The Day of the Lizard. 3.50 The Day of the Lizard. 4.10 The Day of the Lizard. 4.30 The Day of the Lizard. 4.50 The Day of the Lizard. 5.10 The Day of the Lizard. 5.30 The Day of the Lizard. 5.50 The Day of the Lizard. 6.10 The Day of the Lizard. 6.30 The Day of the Lizard. 6.50 The Day of the Lizard. 7.10 The Day of the Lizard. 7.30 The Day of the Lizard. 7.50 The Day of the Lizard. 8.10 The Day of the Lizard. 8.30 The Day of the Lizard. 8.50 The Day of the Lizard. 9.10 The Day of the Lizard. 9.30 The Day of the Lizard. 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